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THE
ROUND
TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

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The League in Crisis
Great Britain and Europe
America Keeps Out of War
The Naval Conference
Australian Defence Policy
The Commonwealths of the North
Kenya: The Settlers' Case
German Foreign Policy
Federalism and Economic Control
Interregnum in India
Ireland and the League

AND THE QUARTERLY REVIEWS OF AFFAIRS IN
CANADA; AUSTRALIA; NEW ZEALAND;
SOUTH AFRICA; GREAT BRITAIN

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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about Imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

Volume XXVI



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OF THE BRITISH COMMONWEALTH

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THE LEAGUE IN CRISIS

I. SIR SAMUEL HOARE'S SPEECH

HISTORIANS may come to declare that September 11, 1935, marked a fateful turning-point both for the British Commonwealth and for the world. During the preceding five years the new international order set up in 1919 by the Covenant of the League had received blow after blow. In 1931 Japan invaded Manchuria with impunity, contrary to all her obligations, and later she renounced her membership of the League. Year after year the dreary slaughter dragged on in the Chaco, without the League's being able to do anything effective to end it. In 1933 Germany left the League because it had proved itself unable to give her the "equality" she had been promised. Her withdrawal was the death-blow to the Disarmament Conference. Even as late as last March the National Government had issued a White Paper justifying an expansion in armaments on the ground of the manifest inability of the League system to guarantee security to its members. It is not too much to say that in the early summer of this year the majority of people abroad, and probably in the British Commonwealth also, thought that if Signor Mussolini attempted to annex Abyssinia by war, as seemed increasingly probable once large Italian troop movements to East Africa began in February last, the League would protest, but that its action was not likely to be more effective than were its vehement and almost unanimous protests over Manchuria. It was apparently in that belief that M. Laval, during his negotiations with Signor Mussolini for an entente against Germany, last January, stated informally that France would disinterest

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herself, at any rate economically, in Abyssinia, which she regarded as an Italian "sphere of influence" in accordance with the treaty of 1906. That the Abyssinian question was not even mentioned officially at the Stresa Conference in March seems to show that the British Government also at that time had no clear intention of attempting to get the League to bar the Italian road.

This drift away from the League and towards a renewed military alliance system* was dramatically challenged by Sir Samuel Hoare in the resounding speech that he delivered at the League Assembly on September 11. Two explanations are given for that speech. The charitable explanation is that once it became clear, after the three-Power conversations in Paris early in August, that Signor Mussolini intended to deal with Abyssinia by war, the British Government—with a new Foreign Secretary more capable of decisive action than Sir John Simon—realised it was faced with two inexorable alternatives: either to throw over the League as an effective instrument for dealing with a great Power, or to declare its willingness to fulfil its obligations under the Covenant, provided its fellow-members would do so also; and that the Government decided upon the second course in the hope that even at this last moment the League system could be revived and made an effective alternative to the rapidly returning alliance system. The uncharitable explanation is that, faced by the results of the peace ballot organised by the League of Nations Union,† in which 10,000,000 persons voted in favour of supporting the League, including the use of economic sanctions, and by the approach of a general election, a divided Cabinet decided that it must show its willingness to stand by the League—some in the hope that the League, thus supported, would succeed after all, some in the belief that other nations would default on their obligations under the Covenant and so enable Great Britain also to

* See THE ROUND TABLE, No. 100, September 1935, p. 663.

† *Ibid.*, p. 697.

SIR SAMUEL HOARE'S SPEECH

escape from obligations that were likely to become increasingly dangerous and onerous in a world in which the United States, Germany, Japan, Brazil and now possibly Italy were outside the League.

Whatever the complex of motives that led to the decision, it was quite unequivocal when it came. Sir Samuel Hoare summarised the "inspiring conception" that had aroused such high hopes among all nations at the end of the war, in the following words :

The two principal conditions in which the system of collective security is designed to operate are, first, that the members of the League shall have reduced their armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations ; secondly, that the possibility is open through the machinery of the League for modification by consent, by peaceful means, of international conditions whose continuance might endanger peace. Finally, to complete the system, there is an obligation to take collective action to bring the war to an end in the event of any resort to war in disregard of Covenant obligations. Underlying these obligations was the expectation that this system would be subscribed to by the universal world of sovereign States, or by far the largest part of it.

On behalf of the United Kingdom Government I can say that they will be second to none in their intention to fulfil within the measure of their capacity the obligations which the Covenant lays upon them.

"But," he added, "if the burden is to be borne it must be borne collectively. If risks for peace are to be run, they must be run by all."

Then he turned to the problem of revision and said :

It is not enough to insist collectively that war shall not occur or that war, if it occurs, shall be brought to an end. Something must also be done to remove the cause from which war is apt to arise. Some other means than a recourse to arms must be found for adjusting the natural play of international forces.

And he went on to suggest an investigation into the question of the fair distribution of colonial raw materials, as a contribution to that end.

Only in his conclusion did he refer, and then indirectly but very decisively, to the Abyssinian crisis.

THE LEAGUE IN CRISIS

In conformity [he said] with its precise, explicit obligations the League stands—and my country stands with it—for the collective maintenance of the Covenant in its entirety, and particularly for steady, collective resistance to all acts of unprovoked aggression. The attitude of the British nation in the last few weeks has clearly demonstrated the fact that this is no variable, unreliable sentiment, but a principle of international conduct to which they and their Government hold with firm, enduring, universal persistence. There, then, is the British attitude towards the Covenant. I cannot believe that it will be changed so long as the League remains an effective body and the main bridge between the United Kingdom and the Continent remains intact.

Sir Samuel Hoare's speech made it clear that the period of irresolution had come to an end and that Great Britain was prepared to put its strength behind the collective system represented by the League, in dealing with the Abyssinian crisis, provided other members were prepared to do the same.

The response was immediate and universal. The Dominion representatives one and all rallied to the support of the Covenant. Practically every other member of the League did the same, including Soviet Russia, the latest recruit to collective security. Even France, faced, as will be seen, with by far the most difficult decision, came into line. The debate at Geneva early in September established the fact that at long last a majority of members of the League were agreed that a real test should be made of the efficacy of the League system, first in providing security against aggression under Article 16, and second in bringing about revision of out-of-date conditions by pacific means under Article 19.

II. SANCTIONS

THE course of events since that time can be very briefly summarised. The League began by trying to formulate a possible basis for pacific settlement. A Committee of Five drew up plans for giving Italian East Africa

SANCTIONS

security against aggression from Abyssinia and for bringing about reform in Abyssinia itself, including the abolition of the slave trade, under the auspices of the League. The proposals were not very satisfactory because they provided for a kind of condominium in Abyssinia, inherently liable to be frustrated by international intrigue and jealousy, and did not seem to create adequate means for enforcing the authority of the League or the Emperor over the refractory Rases in the outlying districts where the slave trade and the worst excesses of slave-raiding flourished. But the report of the Committee was never seriously considered because Signor Mussolini immediately made it clear that nothing save complete Italian control over Abyssinia, both political and economic, could turn him from his determination to force a solution by war. On October 3 the campaign began with an Italian advance towards Adowa, without any formal declaration of war. Faced with this deliberate challenge to the whole League system, the Council did not hesitate. On October 7, by unanimous vote, it declared that Italy had violated her obligations under the Covenant, and its decision was ratified the next day by the Assembly with only two dissentients, Austria and Hungary. The Assembly forthwith set up a committee of fifty members to consider how the obligations of members to take sanctions against the aggressor under Article 16 should be fulfilled.

On the advice of expert committees the League has adopted one by one the following measures.

Proposal No. 1—Arms Embargo. Prohibition of the export of arms and ammunition to Italy, including materials for chemical warfare and all aircraft and aircraft engines.

Proposal No. 2—Financial Measures. A ban on all loans, share issues, banking credits and advances for or on behalf of the Italian Government or any person, corporation or public authority in Italy.

Proposal No. 3—Import Embargo. Prohibition by League members of the importation of all goods (other than gold or silver bullion or coin) consigned from or grown, produced or manufactured in Italy or Italian possessions. Goods already

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en route are excepted, but not goods the subject of existing contracts.

Proposal No. 4—Ban on Essential Materials. Addition of certain articles, including rubber, bauxite, iron ore and scrap iron, chromium, manganese, nickel and tin, to the arms embargo list, these being articles the world supply of which is controlled by League members.

Proposal No. 5—Mutual Support. Undertakings to minimise the injury done to League members imposing sanctions, by replacing Italian goods with goods from such members, and generally by facilitating trade relations with them.

A few countries refused to participate in sanctions: Austria, which is, in effect, under Italian control; Hungary, which passionately longs for revision and which is dependent on Italy for its main markets; Albania, in effect an Italian protectorate; and Paraguay. Switzerland has made reservations on account of her neutral status. But by November 2 the number of member States who had officially agreed to apply these sanctions was as follows:—

Sanction No. 1	.	.	.	.	51
Sanction No. 2	.	.	.	.	51
Sanction No. 3	.	.	.	.	49
Sanction No. 4	.	.	.	.	49
Sanction No. 5	.	.	.	.	41

On November 2, the desperate efforts of M. Laval to find a compromise between the intransigence of Signor Mussolini and the fidelity of the British Government to the League having failed, the League Committee fixed November 18 as the date upon which the economic sanctions (Proposals 3 and 4) should come into full effect. The Assembly having entrusted the task of extending the list of prohibited exports in Proposal 4 to its Sanctions Committee of Eighteen, the latter has adopted a Canadian motion for banning the sale to Italy of petroleum and its derivatives, coal and coke, and iron and steel (including semi-manufactures), "as soon as the conditions necessary to render this extension effective have been realised"—in other words, presumably, as soon as non-League members

THE FUTURE OF THE LEAGUE

who supply these commodities to Italy agree not to expand their exports.

III. THE FUTURE OF THE LEAGUE

THERE, at the moment of writing, the situation stands. It is far too early, as yet, to estimate what the ultimate outcome of this new, unexpected and fateful British initiative at Geneva will be. We can now only record a few observations and comments on events as they have developed hitherto.

The fact that about fifty nations have been willing, not only to condemn Italy as an aggressor for having invaded a backward country like Abyssinia without having first exhausted the procedure of the League, as she had pledged herself to do, but actually to take economic sanctions against her, is evidence of the extent to which the idea of collective action under the Covenant, as an alternative to the old alliance system, has made progress since 1920. It is quite true that five of the greatest Powers—the United States, Japan, Germany, Brazil and, for present purposes, Italy—are taking no part in this collective action, and that most of those who are co-operating in enforcing sanctions against Italy are doing so, not because they are interested in saving backward Abyssinia from the Italians, but because they hope that, with the British navy behind it, the League can be made into something that will add to their own security against the menacing ambitions of totalitarian dictatorships. None the less, if the economic sanctions at present in force or projected are effective in forcing Mussolini to end the war and to accept a settlement fairer to Abyssinia than he would otherwise have demanded, it will be proof that the League system is, to the measure of its success on this occasion, a force to be reckoned with by any would-be aggressor. That will be a new fact in world history and may, in time, have far-reaching effects on the policy, not only of the dictatorships, but also of pacifist

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countries like the United States. Aggression will have been proved more dangerous than has lately been thought, and support of the League system may come to be regarded as the best practical way of enabling even an isolationist nation to keep out of war.

On the other hand, it is by no means clear, as yet, how effective economic sanctions will be, especially when, as in the present case, they are not universal. Nor must it be forgotten that the effectiveness of economic sanctions will differ according to the internal conditions and resources of the country to which they are applied. Italy, for instance, is peculiarly amenable to economic sanctions. Russia or the United States, by comparison, would be far less exposed. Some of the articles whose supply it has so far been impossible to cut off, because they would have been supplied by countries not co-operating in the sanctions, such as the United States, Germany and Japan, are among the most vital needs of Italy, without which it would be impossible for her to carry on for more than a short while; for they include coal, petroleum, cotton and foodstuffs. In any case we shall know in a few months far more about the part that economic pressure, without armed hostilities, can play in a collective system.

Another aspect of the League has now become nakedly clear. Sanctions under Article 16 are designed to coerce a sovereign State to desist from aggression against its will. The effective application of Article 16 is therefore liable to result in military retaliation unless the members applying sanctions can mobilise in reserve behind their economic action overwhelming superiority in arms. It is no secret that it was the quiet concentration of a decisive British naval superiority, if not in the central Mediterranean at least at Gibraltar and at Alexandria and Haifa, that first convinced Signor Mussolini that League action might be formidable and that he was not strong enough to thrust it on one side, in the imperious manner he had conceived, by threatening war in retaliation. If economic action

GERMANY, JAPAN AND UNITED STATES

under Article 16 is to be effective, if it is not merely to extend a local dispute into a general war, the military force in reserve in the background must be comparable, in relation to the aggressor, with the force that within the state lies behind the action of the individual constable. The first step towards disarmament is that supporters of the League should have such armaments as place irresistible superiority behind any action that the League may take—a requirement that will have to be taken into account both by Great Britain and by the Dominions. The level of armaments that it will be necessary for any individual loyal member of the League to maintain will depend upon the number of Powers, great and small, who are ready actively to live up to their obligations under the Covenant.

IV. GERMANY, JAPAN AND THE UNITED STATES

BEFORE we come to our conclusion about the immediate crisis it is necessary to give some consideration to a larger issue that is at the back of the minds of all thoughtful people as the Abyssinian affair develops. What is likely to be its effect on two other world problems, the problem of Germany and the problem of Japan?

There is no doubt that Germany is rearming with all possible speed. What is likely to be the effect of recent events at Geneva on German policy,* and do they involve any new commitments on the part of Great Britain and the Dominions in the internal politics of Europe? When she is rearmed what is Germany going to ask? Will she throw herself into the task of making the world a better place for all nations to live in, through reduced tariffs, a larger international trade, minor frontier adjustments, a fair settlement of the Austrian question, the "open door" in colonial territories, the restoration of some mandated territory in order to wipe out the stigma of Versailles that

* The problem of Germany is dealt with more fully in two other articles in this issue, on *German Foreign Policy* and *Great Britain and Europe*.

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she was unfit to educate and govern backward races, and a fair share in the direction of world policy through membership of the Council in a reformed League of Nations? Or will she demand concessions, territorial and otherwise, which, if conceded, would give her the hegemony at least of eastern Europe, under pressure or threat from her "gleaming sword"? Nobody yet knows. Probably Germany does not know herself. She is pre-occupied with the organisation of her military, air and naval forces, with her economic problem, with the terrible process whereby she is trying to ensure the racial purity of Germany by "liquidating" the Jewish population who live within her borders. Her eventual policy will clearly be largely influenced by the degree in which the League is able to impose its will on Mussolini and is willing to make the door to revision, opened by Sir Samuel Hoare at Geneva, a real road to the satisfaction of her essential and reasonable needs by pacific means.

It is anxiety over these questions that explains the apparent vacillations of French policy. In our view France has been somewhat unjustly abused in the British Empire during the past month. It is quite true that her policy since 1920 has been the main creator of National Socialist Germany. But on this occasion, in our opinion, she has had a case. The population of France is 40,000,000 as against a German population of nearly 70,000,000. The first thing that France did, once she could no longer keep Germany disarmed, using the League for the purpose, and once German rearmament began in earnest, was to compose her ancient differences with Italy so that each could move the army divisions they had maintained on the Franco-Italian frontier to the Franco-German frontier and the Brenner Pass respectively. To France, indeed to the world, the German question in the long run is far more important than the Abyssinian question, though the successful handling of the latter by the League may make the former far easier. At almost any cost, therefore, France

GERMANY, JAPAN AND UNITED STATES

is anxious to bring about a settlement of the Italo-Abyssinian question on terms that will not involve Italy's leaving the League or joining the German group. And this same anxiety about Germany is the explanation of Italy's own reluctance to leave the League despite its enactment of economic sanctions against her. She had hoped to finish off her Abyssinian adventure before the crisis with a rearmed Germany could arise, and Signor Mussolini has publicly declared that he will not break over economic sanctions, but only over military sanctions—though neither he nor anybody else has yet defined exactly where the one ends and the other begins.

It is, therefore, only natural that France should try to act the part of conciliator between imperialist Italy and a League that feels the very existence of the collective system to depend upon its being able to restrain the aggressor in this case. She is torn between the desire to keep Italy on her side in the forthcoming discussions with Germany and her recognition that the League system itself constitutes a very powerful element in her own security, even though it may not be under her domination, so long as Great Britain is a loyal and powerful member of it. In such conditions the responsibility both for leadership and for taking risks in dealing with Italy must rest upon the British Commonwealth. At one time it seemed possible that the condition of French support would be a further commitment by Great Britain to common action against Germany in the event of aggression. The full correspondence on the obligations of mutual assistance that membership of the League involves has not yet been published. But so far as can be gathered from the press the outcome has been that there is an obligation of mutual assistance in the event of retaliatory action by a Covenant-breaking State against collective League action, but only to the extent that League action has been approved by the State on whom the obligation lies. The exact nature of this obligation may be tested

THE LEAGUE IN CRISIS

before the present crisis is over. So far, however, it does not seem that any commitments have been entered into that may affect the graver problems presented by the Franco-Russian treaty of mutual assistance described in the last issue of this review.*

In the Far East, Japan, in accordance with the time-honoured practice of power politics, appears to be making hay while the Powers of Europe are preoccupied nearer home. She seems bent on establishing a political and military hegemony over north China and possibly over the Nanking Government as well. The only effective resistance to such aggression could come from a combination of the United States, Russia and the British Commonwealth. But it is still the accepted policy of the United States to undertake no liabilities outside the American continents, and both Russia and Great Britain are to-day primarily preoccupied with Europe. For the present, the main obstacle in the way of Japan is the inherent difficulty of the task and the strain it involves on her own resources.

On the other hand, it seems clear that a great debate has begun before American opinion upon the future foreign policy of the Republic. Its primary desire, as always except from 1917 to 1919, is to avoid being drawn into other people's wars. And in order to secure this objective, Congress, last July, passed the famous Neutrality Resolutions, whereby the United States threw over its ancient doctrine of the right of neutrals to trade with belligerents and instructed the President, in the event of war, to put an embargo on the shipment of arms to all belligerents, partly in order to prevent dangerous "incidents" over "visit and search," and partly in order to prevent the growth of a large industrial interest in the continuance of war orders, which a large section of American opinion now believes to have been one of the forces that drew the United States into the war in 1917. But there

* See THE ROUND TABLE, No. 100, September 1935, p. 663.

THE NEXT PHASE

is evidence that doubts are arising about the efficacy of a purely negative pacifism of this kind in keeping the United States out of war in the shrunken modern world. The Abyssinian crisis and the renewed vigour of the League have brought home to thinking Americans, to some of them for the first time, what is meant by the collective system, and are making them wonder whether support of a League system may not be in the long run the most effective way of preventing the United States from being drawn into war. Such considerations only influence a small section of thinking people as yet, but if the League succeeds over Abyssinia their numbers may rapidly increase.

V. THE NEXT PHASE

WE come now to our conclusions. In the first place, we are convinced that having set its hand to the plough the League must vindicate its authority and that Great Britain must continue to give it a lead in so doing. We have never disguised our realisation of the difficulties inherent in working an international system based on voluntary co-operation between sovereign States. There was something to be said for the view that the League should not attempt to call upon members to carry out their obligations to take sanctions under Article 16 in a world in which four or five of the great Powers were outside the League. But now that we have embarked on this course it would be fatal, in our opinion, both to the League and to the British Commonwealth, for the League to fail and for Signor Mussolini to "get away" with the plunder he sought in defiance of his own undertakings and those of all other members of the League. Such a result would prove that in a case where the League clearly had power as well as almost complete unanimity of world opinion on its side it had, in practice, neither the courage nor the energy to make its own constitution effective. It would

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never recover from such a collapse. The co-operative system, for all its limitations, is infinitely preferable to the old alliance system, and now that action has been launched by the League it should be carried through until it achieves success.

But the present situation also affects the nations of the British Commonwealth directly. There is some reason for thinking that Signor Mussolini has long been convinced that the only way in which Italy could meet her essential needs for outlets for her population, and for markets and raw materials, was at the expense of the British Empire. It is said that his idea was to build a fleet that would end the British naval preponderance in the Mediterranean; to annex Abyssinia, partly in order to settle Italians there, partly as a market and a source of raw materials, but partly in order to create a formidable army of black janissaries; and then, after building railways and aerodromes and roads in Libya leading to the Egyptian and Sudanese frontiers, to take the first opportunity created by an international crisis to seize the Sudan and Egypt and all British possessions in the eastern Mediterranean. It is also alleged that, like many continental dictators before him, Signor Mussolini had come to the conclusion that Great Britain and the Dominions were "pacifist" and effete and that the British Commonwealth was a "stranded whale" from which blubber could be cut with impunity. Whether this is true or not there is no doubt that if Great Britain, having taken the lead in September with the support of all the Dominions and India, falters in her determination and allows fascist Italy to thrust the League aside, and if the nations of the Commonwealth, having obtained the approval of the League, fail for want of resolution to play the decisive card that they have in their hands in support of the collective system, confidence in the Commonwealth as a defence of freedom and the reign of law, and especially as a supporter of the rights of the coloured peoples who have acclaimed its action in resisting a

THE NEXT PHASE

singularly brutal and lawless aggression, will be deeply, perhaps irretrievably, undermined.

We earnestly trust that economic sanctions will be effective in forcing Mussolini to stop hostilities and agree to fair terms at a very early date. But if they prove ineffective and if, as a result, it appears probable that Italian aggression in Abyssinia will succeed in defiance of the League, we consider that the British Government should ask the League to strengthen them, and in the last resort, if necessary, to consider the possibility of severing economic connections between Italy and East Africa. We do not think that decisive sanctions would increase the risk of war provided the League authorised them, and provided the members of the League agreed to stand together in resisting military retaliation. On the contrary, we think there is greater danger to peace in long-continued but ineffective economic sanctions or in the triumph of Mussolini over the League. We believe that once the exhaustion of war makes itself felt, and once Signor Mussolini becomes convinced that Great Britain and the other leading members of the League have resolution enough to compel him to come to terms, he will face the situation like the realist he is.

But, in the second place, it is essential that the peace conference, when it assembles, should consider the fundamentals of the Italian problem. They are twofold. On the one hand, Italy is suffering from immense and pressing difficulties. She has a rapidly growing population in a relatively infertile country. Between 1900 and 1914 an average of 670,000 Italians left Italy every year for other lands. To-day there is no net emigration at all. Italy is dependent on other countries for essential supplies. Mussolini has worked wonders in providing for his people at home. But he cannot continue to do so indefinitely. The first purpose of the peace conference should be to try to meet his needs in a reasonable way. That is why we hope that the conference will eventually come to include

THE LEAGUE IN CRISIS

Germany, Japan and the United States, so that effective consideration may be given to those broader questions—the removal of barriers to world trade, renewed facilities for migration, the “open door” in all colonial territories*—whose solution under Article 19 is essential for world peace, and can do far more for Italy and other congested countries than the acquisition of colonial territory. Between 1850 and 1915, fifty million people left Europe for the New World; to-day the net outflow is nil. It is by no means only in Africa that outlets for population can be found once international trade is set moving again. The population of desert-ridden Africa is 100,000,000, of fertile South America only 75,000,000.

One last word about Abyssinia itself. It is essential that the League should deal effectively and promptly with the barbarism that still exists in Abyssinia. Reports of British officials long resident there tell pitiful tales of the devastation caused by slave-raiding in Abyssinia itself and the neighbouring countries. Mr. Hodson tells of the reduction, during his own lifetime, in the population of a district from 250,000 to 10,000 by slave-raiding and its consequences. The Emperor appears to be a progressive and humane man, but the feudal system of government implies that he has little real authority in outlying parts of his domain where the principal atrocities take place. The end of the dispute must involve the rapid ending of slavery and slave-raiding and the introduction of education and a decent system of administration into an independent Abyssinia. If a reformed Abyssinia, and the resolute facing of the fundamental difficulties of the post-war world, prove to be the ultimate results of the initiative taken by Great Britain and the Dominions in September, the Abyssinian crisis may prove to have been that turning point in world history for which so many have so long hoped.

* See THE ROUND TABLE, No. 96, September 1934, p. 732.

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I. THE NEW EUROPEAN SITUATION

THERE is a danger lest the African war, and the wider problem of sanctions that it raises, may obscure in British minds the fact that the European situation has been radically altered by recent events. Germany, instead of being compulsorily disarmed, is rapidly taking her place in the front rank of armed Powers. Italy, on the other hand, whatever the outcome of the Ethiopian affair may be, is bound to emerge weakened economically and, if not weakened in political and military power also, distracted by new strategic liabilities. Hungary has moved, like Poland, further into the German orbit. The position of the League of Nations in the European peace system has been radically changed by the Italian war. Its character as an instrument of French policy for maintaining the treaty settlement—a character that it soon resumed after what may now be looked back upon as the Locarno interlude—has definitely dwindled. For not only is the dominant voice in its counsels no longer that of France but that of Great Britain; France has seen the two systems that she sought to identify—the League and her security arrangements—torn nakedly apart by Italy's defiance of Geneva.

These are the chief new elements in a European situation, suddenly made fluid, which Great Britain has an unprecedented opportunity to mould. Our leadership has been asserted and accepted in a crisis more acute than any the world has faced since the war. It is being strengthened by our resolve not to be left behind in the armaments race, but to possess power commensurate with our

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responsibilities. The Italian war has exposed how grave and far-reaching are the responsibilities that we have assumed, without full regard for their implications, in pursuing a League policy. It has also exposed how urgently necessary it is for us to play an active part in securing international justice, in order that international peace may be assured. Otherwise this country may be compelled to repudiate its League responsibilities, through sheer moral and material inability to defend an inherently indefensible position. A purely negative policy will bring us sooner or later face to face with this choice—either to turn our backs on a breach of the peace, and to exculpate the technical aggressor, or to use our power in upholding a state of affairs that we would fiercely burn to destroy if it were our own people who were concerned.

It is not merely our direct geographical intimacy with the continent of Europe that obliges us to concern ourselves with its affairs. In the world as a whole, great forces are stirring which for good or ill must profoundly affect the nations of the British Commonwealth—the rising power of Japan, the spirit of democracy in Asia, the gradual civilisation of black Africa, the growing strength of Soviet Russia. If Europe's ability to guide these forces, and to oppose whatever in them is a threat to world peace, is to be debased by internal distractions, the British Commonwealth will be among the first to suffer the consequences. Great Britain herself can take her position as a leader in wider world affairs only if her strength is not partitioned, and if her energies are not preoccupied, by European discords that threaten her security.

II. BRITISH OPINION

THERE are three main schools of thought in Great Britain concerning our policy towards Europe. The first is the "insulationist" school. Of the extreme isolationists, who would have us resign even from the

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commitments that we have already incurred, little need be said here. Both the experience of our past history and the evidence of our economic connections prove that it is dangerous and futile to try to wall ourselves up behind a barrier of armed might. The isolationist way of thinking, indeed, is uncommon among the mass of the people, however energetically it may be preached by Lord Beaverbrook and others. More frequent and more cogent is the view that while formally standing by our guarantees under the Covenant and Locarno we should otherwise keep aloof from European affairs, leaving it to the continental Powers to find a basis of equilibrium among themselves. The merits of such a policy are plain. When trouble arises, Great Britain is free to cast her influence on one side or the other to preserve the peace or localise the war. The danger of the policy, on the other hand, is that it might mean simply handing over Europe to the embittered rivalry of the French and German *blocs*. Russia's adhesion to the French *bloc* serves to balance the revival of Germany and the defection of Poland. The closer the Franco-Russian association is drawn, the greater becomes the danger of general war as the result of some accident or some minor provocation. For the power-policy of either of the two groups must inevitably be to throw its whole weight into the scale at any moment of crisis, not diffidently but decisively; and the power-policy of the other group must equally be to throw its whole weight into the opposite scale. This is the inescapable logic of *Machtpolitik* that turns every Serajevo into a world war, unless for the moment the power of one group is so certainly dominant that the other must bow before it.

That condition, once assured by the compulsory disarmament of the ex-enemy Powers, is now rapidly passing from reality. Germany, inflated with militarist patriotism, strong in industry, equipped with a great army, a great air force, and a navy adequate both to protect her coasts and to make the Baltic a German sea, will with her own

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satellites soon be at least an equal rival to the greatest concentration of power that the Franco-Russian group could mass against her, even with the aid of Italy. Germany has ambitions of her own—not necessarily warlike ambitions, but ambitions that are bound to challenge the cause of Franco-Russian hegemony in eastern Europe. If and when the clash between the rival groups occurred, England's ability to stand apart would be imperilled, not only by her obligations under the League and Locarno, but possibly by a threat to her own security, and almost certainly by a threat to the safe conduct of her overseas trade. We should find ourselves dragged into war at the heels of policies in which we had had no say.

Since, then, we are bound to be involved in any case, is not our best policy to play our part in the European power rivalry? Ought we not to say, with France, "There is but one way of preventing Germany from causing a European war when she feels herself strong enough to break out, and that is to have massed against her such an array of Powers, interested in peace and the *status quo*, as must always deter her from seeking the arbitrament of force"? This is the second main school of thought about British policy towards Europe. It has gained in strength since Hitler's accession to power, because it has attracted, besides confirmed francophiles and militarists who must needs think in terms of alliances, many who in the days of Stresemann and Brüning stood firmly for friendship with Germany. To-day, France and Great Britain, with the Scandinavian countries, are the great protagonists of political freedom in a world of dictatorships. Their policy is peace, not aggrandisement. The development of air power, moreover, has identified Great Britain's strategic frontier with that of France, the Rhine.

Impressive as these motives are, very few people in Great Britain would support a policy of commitment to France that extended to her eastern alliances. As far as

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eastern Europe is concerned, we are not prepared to go beyond our existing League obligations; how France herself interprets those obligations has become clear in the course of the present crisis. But any policy of Anglo-French entente, limited in scope as it might be, must take into account France's eastern alliances, and must become the less acceptable the closer those alliances are drawn. Automatic military commitments between France and her associates (especially Russia, if and when the Franco-Russian pact is reinforced in this sense) are the greatest and, in the last resort, an insurmountable obstacle to our binding ourselves to her. As for Italy, her position in relation to an Anglo-French system must remain highly problematical. Neither a strong Italy blooded in a successful war, nor an Italy weakened by diplomatic reverses and by the cost of fighting Abyssinia with one hand and sanctions with the other, could be called a desirable partner in an entente for the policing of Europe. On the other hand, the alignment of Italy with an antagonistic group would be a grave source of weakness to the Franco-British entente, if only because it would compel them to divide their forces between a Mediterranean and a northern front.

The great weakness of the policy of Anglo-French entente is the possibility of its provoking a rival combination headed by Germany. To many who support that policy such a result seems inevitable, whether we ally ourselves with France or not, given the present attitudes of Germany and of France and Great Britain towards international affairs in general. These people—and they are very numerous—believe that Germany under Hitler is a danger to Europe and must sooner or later be brought to book. The practical strength of the policy they infer we should follow clearly depends on the ability of the Anglo-French group to preserve indefinitely a superiority of power over the German group. Equally clearly, its moral strength depends upon the assumption that the breaking out of Germany will be based upon evil and unjust motives, not

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upon fair and just grievances against a European *status quo* that has become intolerable.

Emphasis upon these considerations gives rise to the third main school of British thought upon European affairs, the school that talks of a new Locarno policy based upon acceptance of Germany's rearmament, and on acknowledgment of the justice of certain of her complaints against the treaty settlement. Despite the general hatred of Hitlerism, this line of approach (already adopted in the Anglo-German naval agreement) appeals to large numbers of the British people, who soon recovered from war-time vindictiveness, who were shocked by the Ruhr invasion, and who have learnt from the reiterations of disarmament propagandists that Germany's disarmament was intended as a prelude to universal reduction of arms to a "police level". It can be tested only by a careful consideration of the present position and probable ambitions of the German Reich.*

III. GERMANY AND EASTERN EUROPE

THE materialism of National Socialist thought, its repudiation of freedom as a primary aim of government, are deeply repugnant to the British mind. The repression of the trade unions arouses particular indignation in some circles, the degradation of the Jews in others; the methods of secret trial, concentration camps and political killing whereby the régime conducts its policies are disgusting to every section of opinion in this country. These are things to which we cannot blind our eyes. What we can do to ameliorate them we must do. But we shall certainly not ameliorate them either by officially siding with the repressed elements in German internal life or by treating Germany as a national enemy. Either of those policies would only make matters worse for those whom we would fain

* For a fuller discussion of Germany's foreign policy, see below, p. 98.

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befriend. We do better to examine the causes that led to the success of this brutal, materialist régime.

The main causes of the success of the Nazis in 1933 were three: the inflation, which proletarianised the middle-class by destroying its savings; the economic crisis, intensified by world-wide economic nationalism, which caused tremendous unemployment in Germany, not least among the black-coated workers, and popularised the socialism in National Socialism; and the clamping upon Germany of the penalties of the peace, without practical sign that her enforced disarmament was to be but the preliminary to a general limitation of arms. The exaction of reparations played a part in all three factors. Reparations are dead; the inflation cannot be undone now. But relief from the other two pressures might bring relief also to Germany's internal stresses, by rendering less necessary a star-chamber dictatorship in order to bind together her national energies for an all-absorbing national purpose.

For the moment, Germany's energies are directed inward, upon the task of re-equipping herself with armament. This effort is inevitably taking its toll upon the economic welfare of the community, partly through higher taxes, partly through lower wages (including those paid in labour camps), partly through a rise in prices as a result of credit expansion, partly through still further restrictions upon imports of consumables in order to squeeze room for raw materials. Whatever the means, the charge has to be paid, with the result that even if Germany had sufficient political energy left for dangerous external adventures she would not have the necessary economic reserves. So intense is the present concentration on rearmament and its associated problems that at least a section of the German leaders would regard even a coup that delivered Austria into the hand of the Reich as an embarrassment rather than a triumph. Certainly this factor enters into the apparent willingness of Germany to-day to accept the Polish Corridor as an accomplished fact, though the strategic importance of good

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relations with Poland, and the racial doctrine that rejects the attempt "to make bad Germans out of good Poles", are obviously also important. How long the rearmament phase will last is a matter for guessing. In two or three years, as things go at present, Germany will probably have brought her forces up to or near the levels at which Herr Hitler has declared she is aiming. But airmen, soldiers and sailors are not so easily created as the arms they use; it will be nearer ten years than two before Germany can match France in trained reserves.

We may not have to wait, however, even for two years before Germany demonstrates the manner in which she intends to make use of her regained physical power. The opportunity of the Memel elections was not lost to protest to the Powers and to cultivate among the German people an animosity against both Lithuania and the League that may be useful later. The demand for the restoration of Memelland to the Reich, it is true, is not yet definitely formulated, and there are certain powerful economic reasons against its ever being finally pressed; for the German population of the territory, many of whom are merchants, would not be the first to gain by its detachment from its hinterland. Nevertheless, here is a very weak spot in the treaty system, an obvious chance for the exploitation of German racialism, which is the key to National Socialist foreign policy. Memel is one of the problems that the Powers must face if they are not to be forced to choose between giving way to German power and opposing Germany in defence of an inherently unsound cause.

Austria is another such problem. The German Government can afford to bide its time; for although only a minority—perhaps one-third—of the Austrian population are pro-Nazi, the vast majority are pro-German, and the Schuschnigg Government rests on very insecure political foundations. The October reorganisation, in which the pro-Italian element in the Cabinet gained an advantage, weakened those foundations still further. Italy's African

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preoccupations and her clash with the League sap her power to maintain the Austrian régime. There is no guessing how or when it will come, but sooner or later a change in the Government of Austria, away from Italian and towards German influence, seems quite inevitable. What are we going to do in such circumstances? Clearly, that would depend on what Germany and other Powers chose to do, for nothing is more certain than that Great Britain is not going to interfere in Austria's internal political affairs. There are many people in Germany—and Hitler, as an Austrian by birth, is probably one of them—who would like to see Austria completely assimilated into the German Reich, and would take active steps, in the event of an Austrian political crisis, to bring about that result. But there are others, no less insistent upon the racial dogma of the unity of all Germans, who would prefer to see Austria as a nominally independent *protégée* of Germany, a Manchuria rather than a Korea; they might go so far as to defend a scheme of informal federation covering foreign policy, defence and customs, with Germany as the recognised *Führer* in the partnership.

It is in face of such eventualities as these that the policies of Great Britain and the other Powers will be most sharply tested. So long as we stand by our League of Nations obligations, we are bound to take our share in collective action against Germany if she should attempt to bring Austria into the Reich by an act of external aggression. It is difficult to see how a people one-third of whom are socialists and another third Catholics by politics as well as by religion would voluntarily contract themselves into Nazidom. But some of the socialists and many of the Catholics in Austria would be prepared to endorse the kind of association with Germany that has been sketched above. Would we in Great Britain do more than protest against it? If Italy marched into Austria in order to oppose it, would we regard her as an aggressor? If France attacked Germany in an effort to prevent it, would we support her,

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actively or passively; or, on the contrary, would we regard her action as a breach of Locarno, and rally to the support of Germany?

These are questions that we ought to be pondering now, against the background of wider German policy. Austria is but part of the problem raised by National Socialist racialism and the *Drang nach Osten*. The strategic and racial factors in German policy towards central and eastern Europe have a varying weight in different minds, but they blend into this broad purpose, so to dominate the affairs of that part of the continent that Germanic elements of the population may be successfully championed, and German economic policy and political doctrines constantly furthered. Territorial revision is a subordinate item, though by its nature a critical one, in this admittedly hazy ambition.

To commit Danubia and the Balkans to a tripartite struggle among the great Powers—Germany, France and Italy—for economic and political “spheres of influence” is an exceedingly unpleasant prospect. It sets back by a tale of years the possibility—which earlier in 1935 seemed to have been brought appreciably nearer by the Franco-Italian *détente*—of a spontaneous settlement of their mutual relations by the countries of that area themselves. It stiffens once more the Little Entente’s *non possumus* at the least suggestion of treaty revision. But there is no gain-saying Germany’s determination to make her will felt, at least on behalf of the minorities of her own race. To petrify the system as it is means in the last resort arresting the united will of a rearmed Germany. That clash may come, and we may be drawn in by our interests as well as by our obligations; but it is quite certain that British opinion, loyal as it is to the League, will give no unconditional promises to throw its weight behind the maintenance of a rigid *status quo* in Europe. If the nations who fear German expansionism desire British support, they must be able to show that Germany’s cause is

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unjustifiable and that they have done everything possible to satisfy her legitimate aspirations and those of the Germanic minorities.

In a sense, the rights and wrongs of disputes in these more distant parts of Europe are none of our affair. But we have a prime interest in the peace of Europe as a whole, and we have a prime interest in securing for the League of Nations principle as universal acceptance as possible. In this particular instance, moreover, and at this moment, we have a unique opportunity. Herr Hitler himself, and a great mass of German opinion, are very anxious indeed to secure British goodwill. The Anglo-German naval agreement has, for the time being at least, shelved the most dangerous of the possible points of direct conflict between the two countries. Although Germany's resignation from the League has now become fully effective, Geneva has acquired, under British leadership, a new prestige in German eyes. Meanwhile the internal preoccupations of the Reich give us a breathing space in which the future of European politics remains pliable.

IV. ANGLO-GERMAN RELATIONS

THE principle of British international policy (as of the Covenant itself) must be a balance between the organisation of a just peace and the suppression of unjust wars. In central and eastern Europe, this means reducing the importance of frontiers, by gaining fair treatment for minorities and a reduction of trade restrictions, as a condition of guaranteeing that those frontiers will be preserved. In the colonial field, the principle means abandoning an exclusive imperialism, as the condition of putting an end to colonial rivalry. An earlier article* has shown the connection of this problem with the Abyssinian dispute. Germany's demand for colonies is first and foremost a matter of prestige. The Anglo-German naval agreement was in

* See above, p. 15.

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effect a repudiation of actual colonial ambitions, for it was a repudiation of the ambition once more to rival Great Britain in the command of the seas, which requires, and is required by, the possession of colonies.

Assuming that (following up the promise of Sir Samuel Hoare's Assembly speech) we can reach an understanding with Germany on these matters, can we not lay our policy before her in some such terms as these? We firmly support the League of Nations and the collective system generally; British public opinion is overwhelming on this point. Germany must therefore recognise that co-operation with Great Britain can only be based on the principle of the League. This principle has two aspects: on the one hand, repudiation of war as an instrument of national policy, and acceptance of a share in collective responsibility for restraining aggression, and on the other the revision of out-of-date treaties and the removal of obsolete conditions by peaceful means. The League, under French influence, has hitherto emphasised the former aspect, but equal stress ought now to be laid on the latter. Apart from territorial adjustment—which must be regarded as subordinate to the problem of securing fairer treatment for minorities and a freer flow of trade and migrants—there are other questions of treaty revision that ought to be open for discussion. The internationalisation of the Elbe and the Oder, for instance, seems to constitute a special grievance in Germany to-day. In any case, all these things must be done by collective action under the ægis of the League of Nations. And there is another condition. We cannot fairly press other countries—with whose political outlook we may have far more sympathy than with that of Nazi Germany—to grant more favourable treatment to German minorities than Germany is willing to grant to her own minorities. Anglo-German co-operation is conditional upon better treatment of Jews, and of Christians too, in the Third Reich.

Here, then, is a clear-cut third possibility for British

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policy towards Europe. On each of the three main themes there may be many variations, and each of them merges into the next. But now, when the politics of Europe are unusually fluid, when Germany's pre-occupations give us a breathing space, when our own leadership is at its strongest, now is the moment to make up our minds on the broad principles of our policy. The Abyssinian affair is not merely showing us by practical test the value as well as the risks of collective security; it is creating in Europe a new situation in which elements of great danger mingle with many elements of hope. In helping to reduce the dangers and to bring the hopes to fruition, Great Britain has a special task to perform.

AMERICA KEEPS OUT OF WAR

I. THE FREEDOM OF THE SEAS

THE African war sends its clouds to the remotest corners of the American continent. We have had an excellent harvest, business conditions are everywhere thriving, the autumn football season and President Roosevelt's two long absences from Washington gave the "breathing-spell" to politics that he announced in August. The feeling and temper of the American people, despite the foreboding acerbity of the presidential elections just a year away, are better than they have been for nearly five years.

And yet the "colonial venture" being waged on the Ethiopian plateau and the shores of Lake Leman puts a grim black streak of headlines across every American newspaper, and raises a troublesome question-mark in the minds of every alert American citizen. This is not only the case on the Atlantic seaboard. Five or six thousand miles of zigzagging across the continent—this letter is being written in San Francisco—bring an acute awareness that there is no real isolation from world crisis any more. And the people, more informed of the facts than ever before, are seeking to interpret their keen wish for isolation in a more rational manner than burying their heads in the sand.

The first great change in American public opinion comes in our attitude toward our traditional doctrine of the freedom of the seas. And that is the key to our foreign policy. It may be set down flatly that under existing circumstances, or any remotely likely to be produced, the American people do not wish to press their neutral

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"rights," do not intend to send their navy in defense of American trade that directly or indirectly seeks war zones. We have not reached the stage of active co-operation with League Powers seeking to enforce sanctions against an aggressor nation, but for our own protection we are fully prepared for what is called passive co-operation. We are not altogether ready to do what some leaders in Congress sought a few months ago, to prohibit all trade in war commodities such as cotton, copper, steel, and oil, but we are definitely ready to stand by a new doctrine of non-protection. We have come to believe that in order to avoid American involvement through commercial motives, foreign trade in war-time should proceed at its own risk. Taking a page from the book of the Scandinavian neutrals during the World War—though it remains to be seen whether our pride would permit us to swallow much search and seizure in an actual crisis—we are now ready to consider the question of American participation in war strictly on its own merits, and not for the sake of a trade that simply is not worth the cost in dollars and cents.

When you recall that most American wars have been fought on the issue of the freedom of the seas, that this doctrine was enshrined upon our birth as a nation and glorified as recently as Woodrow Wilson's Fourteen Points, you will see that both our emotions and our economic structure are really evolving, for the moment, toward self-containment.

We are at the absolute crest of an anti-imperialist wave. Broadly, the economic crisis was responsible for preparing this attitude, but more immediate causes were the lapse of the war debts and loss of our investments in Europe, Latin America, and the Far East. Every day's news from Europe confirms our attitude. Ever since the resurgence of Germany under Adolf Hitler, we have been pessimistic about European peace, and we see that nothing can be done to prevent Japan's steady expansion in Asia. Under these circumstances, we wish to insulate ourselves from

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Europe, and merely erect a barrier of national defense along our Pacific coast. Our last colonial outposts, the Philippines, are celebrating with great fervor the beginning of a "commonwealth" period, which is to lead to complete independence in ten years. That either the time-table will be followed or the objective reached is far from certain. But certain it is that the American people are anxious to relinquish the responsibility of a foothold in the midst of a Japanese lake. Only our moral obligation to the Philippines themselves, which we will try to fulfil by an international agreement of neutralization, by granting them reciprocal trade relations, and by a well-organized native army in the islands, keeps us from casting them off almost immediately. Pressure from seriously worried Dutch and British on archipelagos for which the Philippines are the buffer is a factor we are considering, but it does not affect the mainsprings of American policy.

No better proof of our new attitude toward commercial imperialism—toward dollar diplomacy—can be found than in a recent poll of every active and retired admiral and captain on the Navy List, taken by the World Peace Foundation. Not so long ago, a questionnaire from the World Peace Foundation would have been scornfully thrown in the waste-paper basket by any self-respecting captain or admiral. Not so now. No less than 130 of them replied to three leading questions. The subject was Admiral Sims' proposal, in a widely noticed speech, that Congress should declare all trade in contraband to be at the risk of the traders, and that no compensation for loss by action of belligerents would be demanded by our government.

The captains and admirals were first asked :

"Do you think the application of Admiral Sims' plan would be politically possible in time of war?" A question, you will notice, that is put in the most skeptical form, waiving the merits of the plan itself. Fifty-six naval officers answered "Yes," 43 of them emphatically, and 13 with minor qualifications. Fifty-four answered "No,"

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but only 42 of them emphatically. Four others thought "Yes," if the plan were first introduced in peacetime, and two emphasized the need for preparatory education. One famous captain made caustic comment on the indiscipline of the American people, while heartily approving the plan. Others were skeptical only because they feared the acquisitiveness and business greed of the commercial community.

The officers were then asked :

"If politically possible, do you think the plan desirable in the interests of the United States?" Fifty-eight answered "Yes," and 45 replied "No."

Then they were asked :

"Are you in favor of the adoption of the Sims plan as a policy tending to keep us out of war?" Sixty-two officers replied with a flat "Yes." Thirty-nine said "No," of whom sixteen made alternative suggestions, some resembling the Sims plan. Two leaned toward the plan but objected to any definite decision in advance of an actual crisis. That left a minority of 27 replies, of which two were impossible to classify, eight offered no direct comment on the Sims plan, and two thought it already in effect. Two would favor the plan if adopted by other nations, one would apply it to goods but not to people, one would limit it strictly to contraband articles, four proposed minor modifications, and the remainder gave arguments that applied against any form of arms embargo.

That over half of this list of distinguished naval officers, products of an Annapolis education based on the principles of Mahan and the freedom of the seas and a lifetime of service dedicated to the protection of American commerce, should favor a plan leaving such commerce to its own defense in war-time, is one of the most remarkable facts to be ascertained by any recent authentic sounding of opinion. It is a complete reversal of what has seemed to be the policy of the General Board of the Navy. It simply

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shows that not even the naval officer can insulate himself from the overwhelming impact of public opinion.

The American-in-the-street, affected by his disillusioning experiences with Europe, and now under the dire influence of the Ethiopian headlines, has also been impressed by intellectual contributions to the new philosophy of self-containment. Three recent books have had a great influence: Charles A. Beard's *The Open Door at Home*, Walter Millis' *The Road to War*, and the Foreign Policy Association's *War Tomorrow*. All of them would be of great interest to any student of American thinking. Dr. Beard thus defines American interest:

The one policy that is possible . . . is policy based on security of life for the American people in their present geographical home. The size of the Army and Navy should be determined with reference to the vindication of that policy and not with reference to any other criteria. Since under the conception of national interest here posited the conquest and seizure of territories occupied by alien races are barred as flatly contrary to, and a betrayal of, national interest, military and naval preparations for such operations stand condemned on their face, a waste of national resources and a needless peril besides. Since the business of the Army and Navy is to defend the American nation in its geographical home, and since the Army and Navy are or should be controlled by duty and not pecuniary considerations, it is a misuse and degradation of both to transform them into huckstering and drumming agencies for profit seekers, promoters, and speculators, in the name of "trade." Effective defense of American trade and sea lanes beyond the American naval zone against any major power or combination of powers is impossible.

And, to sum up the new nationalism, Beard writes:

By attending to its own business, exerting no competitive pressure in international economic rivalries, standing ready to trade on a rational basis, capable of defending its zone of interest, the United States can command more respect and affection in other countries than by intermeddling with its neighbors' affairs, whether under the formulas of *Machtpolitik* or those of democracy, beneficence, and world peace. The expressions of gratitude received from European governments in exchange for participation in the World War may serve as illustrations of the principle. The United States can do nothing whatever to

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assuage the long racial, national, and economic bitternesses and rivalries of Europe by offering moral advice. It may do something by setting a living example, without seeking to set an example.

The New Dealers agree heartily with much in Beard's analysis. Important intellectual collaborators of President Roosevelt like Professor Raymond Moley or Dr. Rexford Guy Tugwell are strong proponents of the self-containment philosophy, both economic and political. They do not openly go along with Beard's logical claim that after the United States has consolidated its defense upon its own geographical home, and set its house in order, it should join the World Court and the League of Nations. President Roosevelt himself has the self-containment viewpoint plus a deep interest in the navy. However, the President has always been a realist about the navy. As long ago as 1922 he openly wrote that the navy should tackle only such tasks as it is capable of accomplishing, and by inference he thus outlawed the commerce-pushing that was the very keynote of Coolidge imperialism of the period. This attitude has been intensified since by the collapse of our foreign trade.

II. THE DOLLAR TEST

IN the current crisis, not only these fundamental factors are working to keep us out of an argument with Powers applying economic sanctions, but a number of more immediately practical reasons dominate the situation. Business men simply see no chance to make a profit out of the Italo-Ethiopian war, and scarcely any greater opportunity if a European conflict should break out. The situation is profoundly different from 1914. Then, there was a vast reservoir of European investments in the United States which could be exhausted before the belligerents began to draw seriously upon their own domestic credit sources. The process was indirect, but what actually

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happened during all the months when American industry was being whipped up to the pitch from which there was no turning back was that we were letting Europe retire the mortgage it held on the old home place. There is no such possibility today. To outfit an impending war, the European Powers would have to start with their credit in this country at the lowest point in the present century at least, and with relatively meagre resources at home. The possibilities of fresh American lending are also restricted to an extreme minimum.

There is no doubt that the Administration seeks to provide the utmost measure of passive co-operation with League Powers in their imposition of an economic boycott. An arms embargo was of course authorized by the last Congress, but can be in effect only until February 29, 1936. That means that just as soon as the next session of Congress meets it must grapple with the question of extending the embargo, either for a longer period or to other materials than the bare instruments of war. Without authority from Congress, the President and Secretary of State can go no farther officially than they have already done in the way of co-operation with the League Powers. But unofficially they have done a good deal, and can so continue. For instance, two New Deal agencies, the Import-Export Bank and the Securities Exchange Commission, have both announced pointedly that their facilities will not be open to those anxious to trade with Italy. The reason given was abnormal commercial risk. It is not to be supposed that many exporters were asking for assistance from these bodies, but the announcement itself served as a discouragement to independent traders. Moreover, insurance rates for shipping to Mediterranean ports have been rising sharply. The influence of this simple factor in the actual pinch of economic sanctions deserves more ample study. In practice, such unusually high rates have discouraged many exporters.

What it all comes down to is that, when neither the

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people nor the government of the United States are anxious to trade with belligerent nations, their very psychological determination and the absence of the big-profit lure will go a long way toward effective blockade. That is the great difference between the situation today and in 1914-17. In those innocent years, hardly a voice was raised in protest against a trade based upon huge profits and with alluring moral inducements. Almost every relevant factor is altered now.

Moreover, the second interesting American book mentioned earlier, Walter Millis' *Road to War*, told the story of 1914-17 in effective if almost too simple terms. It was published serially by a great newspaper chain—not Mr. Hearst's—and its most vivid passages were reprinted in that useful American institution, the *Reader's Digest*. Then every leader-writer in the United States proceeded to use the material for homily purposes when the Italian drive on Ethiopia started. The result is that the public is very well aware of the commercial and propagandist motives that lead to war. Not that the public determination would successfully resist such a combination of forces as hit us in 1914—but such a combination does not now seem very likely. As far as emotional neutrality goes, we are far from neutral today. Quite inevitably, Emperor Hailé Selassié's plight has elicited universal American sympathy. We have always been latently critical of Italian fascism, which sentiment formed a further moral backlog in this instance. The only sort of indirect support Mussolini has had comes from those who criticize British motives in the conflict. Counterbalancing these critics are the loyal supporters of the League, who applaud the British and see Geneva's vindication at last in the application of sanctions.

Only these latter folk see at all clearly that the way to avoid American involvement in war is to co-operate in preventing war. With one vast national voice, the country cries "Hands off"; yet only occasionally some sane head,

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as in the Foreign Policy Association's *War Tomorrow*, points out almost apologetically that it is easier to prevent than to insulate. This little monograph is an excellent example of the new propaganda, replete with modernistic diagrams and simple, effective charts. It is widely distributed, and must have great effect, particularly in the high schools and colleges. Yet the nation loudly applauded President Roosevelt's declaration of isolation, delivered within sight of the larger part of the American fleet, at San Diego. His sharpest newspaper critic, Mr. Hearst, burst into editorial applause, as did all the conservative organs which are sharply anti-New Deal on other issues.

All of which must lead the President to speculate upon the possibility of converting 1936 into 1916, when Woodrow Wilson was re-elected President on the platform: "He kept us out of war." Without the World War crisis, President Wilson would certainly have failed of re-election. It would be stupid of Mr. Roosevelt to repeat the same slogan, for it became ridiculous when Mr. Wilson brought the country into the conflict a few months afterward; but if a European war is in progress or is seriously threatened next year there is little doubt that Mr. Roosevelt can be more easily re-elected. His foreign policy has been actually more popular than that of most of his predecessors, although it has been a vague and extemporized affair. His tag-phrase, "policy of the good neighbor," covers many omissions, and conceals some commissions which the country might not favor. It is possible that our undercover communications with various Geneva officials, and Secretary Hull's frequent words of blessing, would arouse quite a tumult if fully revealed. Mr. Norman Davis is in consultation at the White House and State Department more frequently than our extreme isolationists know.

Out of this general picture of America's attitude toward the world in its war crisis, one fact bears repetition. Probably in Downing Street and the Quai d'Orsay they are

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asking: "How will America stand?" The answer is clear: the United States is not in the mood, either emotionally or economically, to stand in the way of an economic boycott, nor to press diplomatically or forcibly for trading rights with either side in any conflict that may precipitate. Moreover, the Administration will extend passive co-operation in every possible way, as in the discouragement of trade with Italy. It ought to be impossible today for any European chancellery to excuse its own inaction on the ground that "We do not know how the United States will jump." Every indication is that the United States will not jump.

III. PRESIDENTIAL PROSPECTS

DOMESTICALLY, the President is, of course, pre-occupied with his re-election problem more than anything else, even the burden of relief of the destitute as the winter months approach. The transfer of unemployed from the dole to work-relief has been even more difficult than was predicted, and the number in need of relief remains very high. With a good part of his four hundred million work-relief fund in hand, or at least tappable, and elections approaching, it seems certain that the President can be no less liberal than he has been for the past year. It becomes clearer that a large proportion of those receiving relief may almost be classed as unemployable. They are people who were marginal workers at the height of prosperity, many of them white-collar workers at odd pursuits parasitic to the economic structure. Others have not been employed for years, but their meagre sources of income have vanished. This is tragically true in southern California, where the alluring climate attracted millions of people who thought—in the 1920's—that they could retire, or could get along more easily in that agreeable area than elsewhere. But the depression liquidated their sources of income, both back in Iowa and at the freak trades they pursued in

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their new homes. As a result, one-fifth or one-quarter of the people in that paradise on the Pacific have little chance of regaining their means of support, and have become public responsibilities. They are not fit for industrial employment, and it will be a long time before they can eke out a living by tramping from door to door selling egg-whisks, or running correspondence bureaux in "Power-Personality."

But even in southern California business conditions are vastly improved. Everywhere in the country there is an air of hope and new confidence—and a consequently vocal craving for "less experimentation" in government! The tide against President Roosevelt's New Deal runs nearer the surface, and has spread from the so-called upper classes well down into middle groups. Moreover, every day that the new confidence and hope in a boom persist, the country moves nearer "normalcy"—and normalcy means a Republican President sooner or later.

Were it not for the extraordinary dearth of leadership in the Republican party, and for President Roosevelt's political astuteness, one might figure on a new President next year. As it is, pro-Roosevelt sentiment seems to remain strong in the vast masses of voters, and may increase when it is a choice between the President and an unappealing Republican candidate. Mr. Roosevelt has foreseen the trend, and in September he announced a "breathing-spell" from experiment. Much skepticism was voiced, but on his trip to the Pacific coast the President implemented his pledge by a soothing budget statement promising freedom from new taxes, and he delivered quiet addresses on farm relief policy, water power, and international problems. Then he embarked on three weeks of cruising in Pacific waters, through the Panama Canal, the Caribbean, and back to the Atlantic. His schedule calls for another absence from Washington for at least three weeks on his autumnal visit to Warm Springs, Georgia. All of which means placid policy—or as placid as is possible nowadays. Some fifty leaders of

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Congress, with Vice-President Garner, simultaneously set out on a glorified junket to the Philippines, as the guests of the grateful island government on the inauguration of their new Commonwealth. This, too, means more quietude in Washington.

It is all a deliberate effort to keep business humming, to build up a backlog of prosperity, and then turn it to the New Deal's account at the polls. Such strategy is not easily brought off. For the danger is that the country, restored in confidence, will say that all the progress has been in spite of the President, and will elect a Republican nonentity. This would be following tradition in American politics. But Mr. Roosevelt knows the danger, and is working more alertly than any other politician to forestall it. Various attempts to start a conservative-Democratic third party, or to lure such right-wingers into Republican ranks, have not yet met with much success. Democratic party regularity, especially in the south, is very powerful, and we will doubtless see Senators Glass and Byrd of Virginia, who have bitterly castigated the Roosevelt régime, singing out of the other side of their mouths when election time comes.

Apart from relief, many of the other New Deal experiments are making slow but steady progress. The Securities Exchange Commission has notably established itself with the financial community; reviled and abused when in the legislative stage, it has, as so often happens, met with tolerance and even praise in practice. Some similar fate is foreseen for the Holding Companies Act, which places stringent regulations on these pyramided and paper-supported industrial empires. If the President is successful in keeping next year's session of Congress short and sweet, by election time such experiments as are going to work will be in quiet operation. The failures will be matters of bitter memory. Yet such memories do not seem to terrify voters. It is the promises of future benefits that catch the headlines.

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The daily application of the New Deal in local communities runs headlong into vast discontent. Scarcely a town where any citizen cannot regale you with stories of colossal incompetence. That is because, however impressive an experiment looks in Washington, it must be carried out in local terms. And generally it must be placed in the itching hands of local politicians. This has been particularly damaging to the relief system. It reflects, too, upon the personnel of the Democratic party in the communities, particularly north and east. For decades, the Democrats have been out of office, and there has been a tendency for all ambitious, able, or solid men to gravitate into Republican ranks. The New Deal has therefore been sadly understaffed except where it could call in non-party men, or where, as in the South, the best available officials were in the party. In many a locality, big expenditures have gone through the hands of the forlorn outcasts who made up the starved Democratic organization. Result: incompetence and suspicion of graft. Also, local "respectable" citizens, even if they sympathized with some New Deal experiments nationally, were unable to support them as applied in the community. Net result: considerable anti-Roosevelt feeling.

Such grass-roots problems as these cast an aura of uncertainty over next year's political prospects. But the Republican party shares no less dubiety of its own. Herbert Hoover is extremely active again, having set up a general headquarters in his California home, and re-engaged the publicity expert who first established him as an American public man back in the days of Belgian Relief and the Food Administration. This artist, one Ben Allen, is helping with Hoover speeches, meeting the press "boys," and generally adding a note of "we-aim-to-please," which has been lacking in a Hoover entourage since the candidate days of 1928. This leads close observers to believe that Mr. Hoover is back in politics seriously, whether as a candidate for renomination or in order to dominate the

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party's policies and its actual nominee. His chief aim is to keep the Republicans from repudiating the Hoover Administration altogether for the sake of votes. That would leave a blot on his reputation which it would be difficult to remove. But Mr. Hoover's activities disturb the party leaders, who think that despite his personal following—which will be Republican anyway—he will alienate many middle-ground votes. Particularly, Mr. Hoover terrifies other aspiring candidates, who fear that his endorsement may be pressed upon their brows like a crown of thorns.

But these are dull speculations compared to present realities : to better business everywhere, to football, and to Ethiopia. The war headlines have produced two emotions in men in the street : the desire to remain aloof, previously analysed, and a lively skepticism about the accuracy of much of the news reporting. It is being a journalistic romp, with four-inch headlines even in smaller papers on the Pacific coast, and each succeeding bulletin from the front contradicts its predecessor. And while it cannot be said that the crisis is making the United States a very good world-citizen in the positive sense, it has destroyed a certain unco-operative recklessness which made us the naughty boy of the chancelleries. That we certainly are not today, whatever else we may be.

United States of America,
October 1935.

THE NAVAL CONFERENCE

ACCORDING to present arrangements, a conference is to meet in London on December 6 to explore the possibilities of restricting naval armaments. It is to be attended by delegates of the United Kingdom and the Dominions, the United States, Japan, France, and Italy. This will be the fifth conference of its kind to be held since the war. It has been summoned in compliance with article 23 of the Washington Five-Power Treaty, which provides that if one of the contracting Powers gives notice of termination all the Powers concerned shall meet in conference within one year of the date of such notice. As the Japanese Government, on the last day of December 1934, gave notice of its intention to terminate the Treaty, the summoning of a new conference before the close of 1935 became obligatory.

I. NAVAL DISARMAMENT SINCE THE WAR

A résumé of the movement to control naval armaments since the war will help to elucidate the situation that confronts the forthcoming conference. Between the date of the Armistice and the summer of 1921 large programmes of naval construction had been undertaken by Great Britain, the United States, and Japan. In the United States sixteen capital ships of exceptional size and power were actually on the stocks. Japan had begun work on eight corresponding vessels and had legislated for a further eight ships to implement her so-called "eight-eight" programme, which envisaged the creation of two complete squadrons, one of battleships and the other of battle

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cruisers. All these American and Japanese units were considerably larger and more heavily armed than any British ship then afloat, with the sole exception of H.M.S. *Hood*. In these circumstances the British Government felt itself constrained to uphold the balance of power by introducing a replacement programme. In March, 1921, therefore, Parliament approved the building of four battle cruisers, which were to have been followed a year later by four battleships. Subsequently it became known that these eight ships were planned with a displacement of from 48,000 to 50,000 tons, which made them superior to the largest vessels then building abroad. Consequently, in the first half of 1921 the three Powers in question were committed to the building of 40 capital ships of huge dimensions and cost. The financial burden, already onerous enough, promised to become much more severe as the programmes approached completion; for the great size of the new ships called for larger docks and harbour works, and side by side with the battle squadrons new fleets of cruisers, torpedo-craft, and submarines were either building or projected.

Such was the position when, in July 1921, President Harding announced that Great Britain, France, Italy, and Japan had responded favourably to his suggestion that these Powers, in company with the United States, should meet to consider the question of limiting armaments. In the official announcement, armaments were linked up with Pacific and Far Eastern problems, and it was made clear that not the least of the objects was to reach "a common understanding with respect to principles and policies in the Far East". To this end China was invited to take part in the discussion on Far Eastern problems.

Agreement was finally reached at the Washington Conference on the question of reducing strengths in capital ships and aircraft-carriers, but for a variety of reasons it was found impracticable to impose a similar check on lighter naval armaments, such as cruisers, destroyers, and

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submarines. The outstanding achievement of the conference, in the disarmament field, was the virtual scrapping of the three great battleship programmes. Great Britain cancelled the four units she had laid down; the United States discarded 13 of her 16 vessels, and of the 16 Japanese ships in hand or projected only two survived in their original form. As Great Britain was left with no ships comparable in power with the three American and two Japanese post-Jutland battleships that had escaped the holocaust, she was authorised to build two vessels not exceeding 35,000 tons displacement each, to mount guns of a calibre not above 16 in. Further, these limits of displacement and armament were accepted as binding by all five Powers. In short, the principle of "qualitative limitation" was established for the first time, and it was applied to cruisers also, by fixing a maximum of 10,000 tons displacement for such vessels, which were not to mount guns above 8 in. calibre. At the same time, limits—subsequently revised downward—were imposed on the displacement and armament of aircraft-carriers. In the category of capital ships and aircraft-carriers a sliding scale of relative strength was incorporated in the naval treaty that emerged from the conference. The British Empire and the United States were placed on a footing of tonnage equality; Japan was granted three-fifths of the tonnage aggregate allotted to each of those Powers, while France and Italy were each conceded slightly above one-third of the same total. All other types of naval vessels remained outside the scope of the treaty.

In the opinion of some observers the ship restriction clauses of the Washington Five-Power Treaty, important though they were, did not compare in significance with the article (No. 19) that stabilised the *status quo* in respect of insular naval bases and fortified stations in the Pacific. The essence of the agreement was to keep the main naval bases of the three chief Pacific Powers—Japan, the United States and the British Empire—out of battle range

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of each other. On the eve of the Washington Conference both the United States and Japan were actively developing base facilities in the Pacific for the purpose of endowing their fleets with greater mobility. For example, the United States proposed to create first-class bases at Manila and Guam, while Japan was converting the Bonin Islands into an up-to-date Scapa Flow, besides exploiting the strategical possibilities of Formosa and other insular territories nearest to American possessions. Thanks to article 19 of the naval treaty, these ominous preparations were brought to a standstill, while Great Britain agreed to fortify no naval base beyond Singapore. In consequence, for thirteen years the fleets of the three Powers have remained separated by an oceanic "no man's land" which, for technical reasons connected with fuel capacity and steaming radius, it would be exceedingly difficult to cross.

The whole Washington system of naval limitation was intimately bound up with the political settlement over Far Eastern affairs that was reached by the conference. The settlement was based upon an undertaking by the signatory Powers to respect the integrity of China and to preserve the "Open Door" into that country. The outstanding strategical effect of the naval treaty was to confirm the supremacy of Japan in the western half of the Pacific and that of the United States in the eastern half, while severely curtailing the power of either to deploy any considerable naval force in the other's sphere of strategy. As for Great Britain, her ability to marshal armed strength in the Far East was much restricted by her undertaking not to modernise the defences of Hong Kong. Singapore, it is true, was exempted from the non-fortification clause, and has since been slowly developing into a naval fortress of commanding rank. But a glance at the map will show Singapore to be geographically remote from those waters where naval action might decisively affect the political destinies of the eastern Asiatic mainland. In other words, Singapore is essentially a

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defensive outpost. In the present state of man-of-war development—with the cruising radius of ships restricted to a few thousand miles—Singapore would be wholly unsuitable as a base from which to project British force into the China Seas.

Few words need be wasted on the conference that met in Rome, in February 1924, to extend the principles of the Washington naval treaty to States that did not sign the original compact. The proceedings were chiefly remarkable for the Russian claim to a battleship tonnage superior to that of Japan, and for the presentation of Spanish demands that bore no relation to the financial resources of that country. As an exhibition of dialectics the Rome Conference may have been diverting; as a contribution to the serious task of controlling naval armaments it was negligible.

The third naval conference, summoned at the instance of President Coolidge, was held at Geneva in the summer of 1927. It was attended only by British, American, and Japanese delegates, France and Italy having declined the invitation on various grounds. The aim of the conference was to extend the restrictive clauses of the Washington treaty to cruisers, destroyers, and submarines, but it speedily became evident that no real basis for agreement as yet existed. Lord Jellicoe, as technical spokesman for the British delegation, claimed that the British Empire needed a minimum of 70 cruisers. This was the first official mention of the standard of cruiser strength at which the Admiralty aimed. The American delegates held the figure to be excessive. Great Britain tabled a proposal to restrict the armament of all future cruisers to 6-in. guns, but this was resisted by the Americans on the ground that 8-in. guns were necessary to offset the potential war value of the British liner fleet, the vessels of which could, they asserted, readily be armed with 6-in. guns and so converted into cruisers. Round this and other purely technical points a long and sterile discussion raged. The

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Japanese delegates held aloof from the controversy and played a more or less passive rôle throughout the conference, which finally broke up without achieving any positive result. Three months later a Bill was presented to the United States Congress providing for the construction of 71 warships, including 25 cruisers, 5 aircraft-carriers, and 32 submarines. This measure was accepted as an earnest of the Government's intention to bring the United States navy up to full "parity" with the British. Later, the Bill was amended, and in its final form authorised the construction of 15 cruisers and one aircraft-carrier. All the cruisers were to be of the 10,000-ton type, and were thus 2,500 tons heavier than the maximum proposed by Great Britain.

The failure of the Geneva Conference had one salutary effect. It galvanised public opinion in Great Britain and America into realising that relative naval strength had become a crucial factor in Anglo-American relations, and from that moment the best minds in both countries were largely concentrated on the problem of settling this issue on an amicable basis. During the ensuing two years much quiet but effective spadework was done in London and Washington in preparation for the next conference, which was recognised as being vitally necessary. Some months after the Labour Government took office in 1929, the Prime Minister, Mr. Ramsay MacDonald, visited the United States and had a long private conversation with President Hoover. At a much later date it became known that Mr. MacDonald had informed the President of Great Britain's readiness to accept, on certain conditions, a strength of 50 cruisers instead of the 70 hitherto put forward as the minimum. The Admiralty, it was understood, had agreed to the reduction with the proviso that the cruiser programmes of other Powers should be correspondingly reduced.

With the chief stumbling-block out of the way, the path was clear for the new conference, to which invitations

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from the British Government were accepted by all the Powers concerned. The first session was held at St. James's Palace on January 21, 1930. It soon became evident that between Great Britain and the United States there existed substantial accord on nearly all the fundamental issues. Japan, however, revealed her dissatisfaction with her quota of strength under the Washington treaty and held out for a slightly higher ratio, which eventually she received. The only British proposal that met with no American support concerned the restriction of future capital ships to 25,000 tons, of cruisers to 6,000 or 7,000 tons, and of their guns to 12 in. and 6 in. respectively. The United States declined to accept any modification of the higher standards of tonnage and armament fixed at the Washington Conference, urging that their lack of oversea bases demanded exceptional qualities of seaworthiness and cruising endurance in all American warships, qualities not to be reconciled with reduced dimensions. Nevertheless, despite differences of opinion on technical questions, the London Conference would have enjoyed fairly plain sailing had it been confined to the three leading maritime Powers.

But, as an Italian commentator, Signor Engely, has since reminded us, the London Conference was essentially a European conference.

Of the two problems to be settled, one was that of fixing ratios between the British, French, and Italian fleets. The ratio between the British and American fleets, and, as a consequence, that between the American and Japanese fleets, had already been settled, apart from questions of detail, during the negotiations between London, Washington, and Tokio prior to the conference.

But, he adds, to the "cautious" British mind these ratios were provisional. They could become substantive only if the London Conference resulted in an agreement between Great Britain, France, and Italy whereby Great Britain could maintain a convenient relative strength; namely the two-Power standard, in regard to the two leading

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maritime Powers of Europe. In other words, Great Britain would not and could not bind herself to a fixed standard of naval strength *vis-à-vis* the United States and Japan without an assurance that this would be high enough to guarantee her security in European waters. In effect, however, Great Britain did so bind herself without receiving the complementary guarantee.

In the upshot neither France nor Italy signed Part III of the London Naval Treaty, which was the essence of that covenant. Part III imposed quantitative limitation of the British, American and Japanese navies in respect of cruisers, destroyers, and submarines, while leaving the two continental Powers free to build as many such vessels as they pleased. Further, in consideration of the large, though ageing, block of cruiser tonnage that she possessed in 1930, Great Britain agreed not to complete more than 91,000 tons of new cruisers between that date and the end of 1936. This was a unilateral concession which has since been the subject of adverse comment by British naval students. On the other hand, the famous "escalator" clause allowed any signatory of Part III that felt its security threatened by the naval building of a non-signatory Power to make whatever increases it thought necessary in its own fleet; provided that it notified the other signatories and that they should be entitled to make proportionate increases.

The following table shows the completed tonnage in cruisers, destroyers, and submarines that the three leading Powers undertook not to exceed by December 31, 1936:—

<i>Categories</i>	<i>United States</i>	<i>British Empire</i>	<i>Japan</i>
	tons	tons	tons
Cruisers:—			
(a) with guns of more than 6·1-in. calibre . . .	180,000	146,800	108,400
(b) with guns of 6·1-in. calibre or less . . .	143,500	192,200	100,450
Destroyers . . .	150,000	150,000	105,500
Submarines . . .	52,700	52,700	52,700

THE NAVAL CONFERENCE

II. A NEW SITUATION

IN spite of a rigid observance of the letter of the London treaty by all the signatory Powers, the five and a half years that have elapsed since it was negotiated have brought about a situation that can hardly have been contemplated by its authors. Fundamental changes have taken place in the fabric of world politics. In particular, Japan's expansionist policy on the continent of Asia has undermined the whole basis of the Washington settlement, and is the fundamental reason for her desire to upset the 5 : 5 : 3 ratio and for her denunciation of the naval treaty.

On the practical naval side there have also been important developments. Under the vigorous impulse of President Roosevelt the United States navy is well on the way to attaining "full treaty strength". By 1942, at latest, it will possess its full quota of tonnage in all categories, and, with the exception of the capital ships, all of this tonnage will be of post-war design. As against the 91,000 tons of cruisers that Great Britain was permitted to lay down until the end of 1936, the United States has completed or begun 180,000 tons. In destroyers, submarines, and aircraft-carriers she is building to the full limits authorised. She has also spent, or is spending, an average of 2½ million sterling on the renovation of each of her fifteen capital ships.

Japan, too, is well within sight of her treaty quota in all categories, and in her case, also, her post-treaty fleet is composed of the most modern types, with the exception of her nine capital ships, all of which are undergoing thorough modernisation. Since the Washington Conference the navies of France and Italy have been almost entirely rebuilt. Until recently both Powers concentrated on the production of fast cruisers, destroyers, and submarines, types that have been and still are being built in large numbers. Both countries have lately resumed the construction of battleships, the French programme comprising two of 26,500 tons each and two of 35,000 tons

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each, while Italy is building two of 35,000 tons each. The present naval strength of the five Powers that are to take part in the new conference can be fairly displayed only by means of two comparative tables. The first table shows the numbers of ships actually built and in commission, whatever their age.

<i>"Actual" Fleet</i>	<i>British Empire</i>	<i>U.S.A.</i>	<i>Japan</i>	<i>France</i>	<i>Italy</i>
Capital ships . . .	15	15	9	9	4
Aircraft-carriers . . .	6	4	4	1	0
Cruisers, 8 in. . . .	19	16	14	10	11
do. 6 in.	33	10	20	8	16
Flotilla leaders and destroyers	165	211	102	80	88
Submarines	56	84	57	97	69

The second table gives a somewhat different picture. It omits all units, other than capital ships, laid down before 1919, but includes all ships building and authorised, including those not yet begun.

<i>"Modern" Fleet</i>	<i>British Empire</i>	<i>U.S.A.</i>	<i>Japan</i>	<i>France</i>	<i>Italy</i>
Capital ships :					
post-Jutland . . .	3	4	2	4	2
pre-Jutland . . .	12	11	7	6	4
Aircraft-carriers . .	2	6	6	1	0
Cruisers, 8 in. . . .	15	18	12	7	7
do. 6 in.	20	17	19	12	12
Flotilla leaders and destroyers	81	58	83	71	55
Submarines	40	26	66	80	66

Summary statistics do not convey an entirely accurate impression of relative strength. Among cruisers, for instance, there are marked differences in size and armament, while included in the French flotilla leaders are 32 ships of an average displacement of 2,432 tons, which under London treaty rules should be rated as cruisers. Again, the average displacement of American cruisers is considerably higher than that of British, Japanese, French, and Italian ships. Eight of the 35 American cruisers average 7,050 tons, but all the rest displace from 9,100 to 10,000 tons. In general, too, British cruisers have a higher age average than those of other navies.

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The naval renaissance of Germany is a new fact of great importance because of its reactions upon the policies of other Powers. Under the Anglo-German agreement signed in June of this year, Germany is entitled to build up to, and maintain, 35 per cent. of the naval tonnage of the British Empire. Further, she is conceded the principle of full equality in submarine tonnage, though this right is not to be exercised in present circumstances. The German building programme, announced on July 8, comprises two battleships of 26,000 tons, armed with 11-in. guns; two cruisers of 10,000 tons, with 8-in. guns; 16 destroyers of 1,625 tons, and 28 submarines. This, it was pointed out in Berlin, is only the first instalment of a building plan designed to raise the German navy to its full quota of strength specified by the agreement. Already the re-appearance of Germany as a formidable naval Power has had widespread repercussions. France has intimated that the new development will compel her to revise her naval policy with a view to achieving a higher ratio of power, and there have been concurrent reports of rearmament programmes from Russia, Poland, and the Scandinavian States. It is generally accepted that Germany has already regained her former strategical command of the Baltic.

It is already possible to foreshadow, from official and semi-official communications, the technical naval policy that each Power will pursue at the coming naval conference. These policies may be summarised as follows :—

British Empire. Perpetuation of quantitative limitation, modified to meet Japanese and French claims. Alternatively, a system of exchanging details of building programmes over a period of not less than five years, with a view to eliminating competitive construction and the springing of "surprises". Reduced standards of tonnage and armament in all ship categories. Abolition of submarines, or alternatively their restriction to a maximum of 250 tons.

United States. Rigid adherence to the "yardstick" in the proportions now obtaining, *i.e.* a two-fifths American superiority over Japan. No reduction in existing standards of ship tonnage or armament. Approval of the abolition of submarines, but not of their restriction to 250 tons.

A NEW SITUATION

Japan. Substitution of a "common upper limit" of aggregate tonnage for the ratio system. Abolition, or drastic reduction in size, of battleships and aircraft-carriers. Reduction in the size and armament of all other types. Retention of submarines on the ground of their "essentially defensive" character, but no objection to quantitative and qualitative restrictions. Maintenance of the *status quo* in regard to Pacific naval bases.

France. Prefers restriction by "global" or aggregate tonnage to the ratio formula. Favours qualitative limitation in all ship categories, and is prepared to reduce to British proposed standards of 25,000 tons for capital ships and 7,000 tons for cruisers. Would accept quantitative restriction of submarines within an aggregate limit of not less than 99,000 tons.

Italy. Adheres to the principle of naval parity with France. Supports a reduction in current standards of ship tonnage and armament, and prefers "global" tonnage restriction to the grading of relative strength by ship categories. Is sympathetic, in principle, to the proposed abolition of submarines.

These policies are strictly technical, and their modification or maintenance ultimately depends upon far deeper issues. What political settlement can be substituted in the Far East for the broken fragments of the Washington system? How far can Anglo-American co-operation be counted upon? What is the effect of the new American doctrine of neutrality* upon the ancient dispute over the Freedom of the Seas? What part are the Dominions to play in the naval defence of the British Empire? Where does a rearmed Germany stand in the European power system? Has Italy really conceived the ambition of controlling the eastern Mediterranean, the Suez Canal and the Red Sea? What demands is the revived policy of sanctions likely to make upon the naval strength of the League Powers? What may be the effect upon world armament policies of a successful vindication of the collective system? To these questions some answer must be found before there can be any wide or durable agreement on naval limitation; for arms are but the instruments of policy, and until there is agreement on policy, any technical agreement on limitation must remain restricted and insecure.

* See the article, *America Keeps Out of War*, p. 30.

AUSTRALIAN DEFENCE POLICY

I. AUSTRALIA AND EMPIRE DEFENCE

IN discussions of Australia's naval and military policy and problems it is usual to consider the protection of Australia as a part of an imperial defence task. This does not mean that any party in Australian politics is now, or has been in the past, ready to commit the Commonwealth to any very definite prearranged plan involving obligations of active service abroad by Australian forces in defence of other parts of the Empire. Moreover, undertakings and pacts designed to keep the peace in Europe seem often to be pious aspirations or possible causes of war when viewed from the remoteness of the south Pacific, and there is in Australia a vague feeling that the Empire ought not to become involved in any conflict that does not directly threaten the lives of British subjects or the integrity of British possessions. The Australian public tends to think of defence, both local and imperial, in simple terms of immediate security—actual defence against actual aggression. Yet, notwithstanding a desire to keep out of foreign quarrels and a reluctance to make promises beforehand, most Australians probably regard the security of all parts of the Empire as a single problem in which Australia is vitally concerned. Australian military history is a record of participation in campaigns fought far from Australian territory. There have been no battles on Australian soil; but since 1885, when a contingent of the New South Wales forces was despatched to the Sudan, Australian troops have taken part in British wars. In 1900 a small colonial naval auxiliary force went to the Boxer War in China. The Australian colonial contingents sent to the South

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African War numbered some 16,000 men. In the Great War, without conscription, some 330,000 Australians, from a total population of a little over five million, went abroad with the Australian Imperial Force.

It may therefore be assumed that, were the United Kingdom at war, public opinion would expect the Australian Government to make provision for the despatch of Australian contingents, if this could be done consistently with Australia's own security. And there would always be Australians ready to go. The position is somewhat different in peace-time. A centrally controlled organisation of all British and Dominion military forces in the Pacific, based on India, might be the ideal provision for the military defence of the Empire in this half of the world. But the British Commonwealth of Nations is a group of democracies; and no one with a knowledge of Australian sentiment or political conditions could entertain much hope that the Commonwealth would establish active military garrisons abroad in time of peace (except perhaps in Papua), or undertake any further peace-time obligations than preparation for the defence of its own coast-line and territories. To provide adequately for their own security is a peace-time task quite large enough for the Australian people. Whether the measures they have taken up to the present go far enough to accomplish it is a matter for the gravest doubt. Sir George Pearce, then Minister for Defence, in a speech * made in Sydney in 1933, said that the Government was "confident that if any part of the Empire is attacked the attacker will have to reckon with the whole naval and military power of the British Empire". But he added: "whilst the Empire, I am confident, will stand together to repel any attack, it is the duty of each part of the Empire to make its contribution to the preparations for defence".

In the present condition of international affairs it now seems to many Australians that the contribution that

* See below, Appendix, p. 68.

AUSTRALIAN DEFENCE POLICY

Australia can best make towards imperial security is to become as far as possible self-reliant. The situation in the Pacific is to-day very different from the situation before and during the Great War, and if the United Kingdom were at war the direct assistance that Australia could provide might be limited by the necessities of her own security and by a sense of danger in sending abroad any considerable part of her manhood.

II. THE PROBLEMS OF AUSTRALIAN SECURITY

FIRST and foremost, Australia is an island in the south Pacific, and the "Far East" is in the north. The main sea routes from Australian ports to Capetown, Suez, Singapore, Panama, Vancouver and San Francisco are among the longest ocean crossings in the world. Since the capture of German New Guinea by Australian troops at the beginning of the war, no foreign Power has held any territory of importance closer to Australia than the Dutch East Indies. New Zealand, the closest British neighbour, is 1200 miles, more than three days' voyage, from the nearest Australian ports. Sydney harbour has coast defences and some docking facilities, which enable it to be used as a naval base, and there are also some more or less undefended harbours that might be used by small squadrons. But the nearest first-class British naval base, capable of accommodating a major fleet of all categories, is Singapore, on which, it is generally assumed, British naval strategy in the Pacific must be founded. The Singapore base has made possible British naval operations on an extensive scale in the Pacific—assuming the British fleet to be free to operate there, which, as is hereafter mentioned, may not be true in Australia's hour of danger.

Without questioning the importance of Singapore in imperial defence generally, one may doubt whether its importance in the defence of Australia has not at times been exaggerated. It has been said that Singapore in the

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hands of Great Britain provides a sure shield to Australia, and that if it fell to an enemy Australia would have to sue for peace. The purpose of Singapore, however, is to be a naval base, not an Australian outwork, and it lies far to the flank of the direct line of an enemy attack from the north directed against the south-east corner of Australia. While Singapore was held by a powerful British fleet with liberty of manœuvre, large-scale operations against Australia would scarcely be possible. But a weak fleet based on Singapore would not necessarily achieve the same result. On the other hand, it is probably wrong to assume that the loss of Singapore, serious though it would be, would mean the immediate capitulation of Australia. The defence of Australia is not regarded by all informed Australian opinion as necessarily synonymous with the holding of Singapore.

Only second in strategical importance to Australia's insular geographical position is its size. Australia is a continent of 2,970,000 square miles. Distances between the main centres of population are long. The control of the sea route and coast between Melbourne and Brisbane alone involves a patrol of 1,100 miles, about the distance from Lisbon to Liverpool. In a direct line, Perth is farther from Canberra than Constantinople is from London. A coast-line some 12,200 miles in length might seem a far-flung battle line to be manned by a population of seven millions. The distribution of the population, however, is such that while it makes the defender's task difficult it limits the area of responsibility. The centre of the continent is a desert. The rural areas between the centre and the coastal belt are sparsely populated. Most of the seven millions of Australians live in the coastal regions, in towns and cities close to the seaboard of the south-east and south. The greater part of Australia's secondary industry is carried on in this area, and within twenty-five miles of the open sea. The important factory centres in Sydney are between two and ten miles of the coast; the steel and iron works at Newcastle are even closer, and the Newcastle-Maitland

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coalfields not much more distant. Sydney and Melbourne, each with more than a million inhabitants, and all the other state capitals, Brisbane, Adelaide, Perth and Hobart, are practically on the sea. Many important trunk railways have long sections close to the coast.

An enemy landing on the uninhabited portions of the Australian coast or an attack on one of the more remote coastal towns, however easy it might appear to be to accomplish, and however alarming to contemplate, is not a probable event or strategically a serious danger, except perhaps if the enemy were seeking an advanced base for further operations. The garrisons of Thursday Island and Darwin in the north serve as sentry posts rather than as the picquets of an outpost line. The objective of enemy action against Australia, whether in the form of an economic blockade, a naval or air raid or a landing, would, if a decisive result were sought, necessarily be the concentrations of population and economic activity in the south-east. This is the ground vital to the defence, and it is also that most vulnerable to the attack.

Australia is in peace-time dependent on seaborne trade for marketing the bulk of her produce and for obtaining a very great part of the everyday requirements of her population. Certainly some of the things ordinarily imported in peace-time could be forgone in the event of war, and others could be produced locally. Some, however, particularly rubber, petrol and oil, which are essential for the prosecution of war, have at present to be obtained wholly from abroad. A stoppage of Australia's seaborne trade would very rapidly cause great inconvenience and a disorganisation of the Australian economy. In part, however, that disorganisation could doubtless be met by a reorganisation, perhaps of a more or less makeshift character; the population could at least be fed and clothed. The closing of her trade routes need not, and probably would not, of itself cause Australia to admit defeat.

AUSTRALIA AND JAPAN

III. AUSTRALIA AND JAPAN

IN Australian discussions of defence matters, distances are most often measured from Japan, and on that basis questions of transport and supply, and the factors of time and space, are debated by amateur strategists as well as by members of the services. But it would be wrong to suppose that Australia regards Japan as a certain aggressor or an inevitable foe. The White Australia policy is cherished without a hint of compromise; but a "Yellow Peril" is no longer generally regarded as the necessary consequence of a White Australia. From Darwin and some of the North Queensland towns, which are near pearling waters rather ineffectively policed by Australia, there come at times rumours of spies and of the movements of mysterious vessels. But most Australians refuse to be uneasy and are inclined to regard prophets of Japanese attacks as scaremongers.

The mission of Mr. Debuchi, the Japanese ambassador recently in Australia, was generally welcomed as a sincerely friendly one. Japan is a good customer for Australia's wool. Most Australians viewed with tolerance Japanese expansion into Manchuria, although many regretted the blow that the League of Nations suffered. But Japan is a first-class military and naval Power, whose policy appears to be dominated by her army and navy; and the collective system as understood in Europe seems to have but scant honour in the Pacific. The Washington treaties were, from Australia's point of view, a poor substitute for the Japanese alliance; and, moreover, their spirit seems now to have passed from the politics of the Pacific.

IV. THE BRITISH NAVY

UNTIL recent years a confident reliance upon the British navy was an article of faith for most Australians. To anyone who sought a material justification for

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the preservation of the Empire or asked what valuable consideration Australians gained from their allegiance, the answer was ready: "the protection of the navy". Lord Kitchener's report on Australian defence (1910), which in the years that shortly preceded the war was the foundation of the Commonwealth's defence policy, began with the statement that

It is an axiom held by the British Government that the Empire's existence depends primarily upon the maintenance of adequate and efficient naval forces. As long as this condition is fulfilled, and as long as British superiority at sea is assured, then it is an accepted principle that no British Dominion can be successfully and permanently conquered by an organised invasion from overseas.

But to-day Great Britain does not rule the waves. Her navy could not now hope to be alone the mistress of all the seas. The belief that no hostile Power could in any circumstances carry on operations in the Pacific without trying conclusions with the British fleet is not so strong as it was.

Conditions in the Pacific to-day are very different from those prevailing before 1914. The Anglo-Japanese alliance has come to an end. The power of Japan has increased. The naval power of Great Britain has become relatively less, and her principal fleets are not ordinarily stationed in the Pacific. Circumstances may arise to demand that the main strength of the British navy should remain in the Mediterranean or the North Sea. If trouble should come upon the Empire in the east and west simultaneously, probably few British ships could be detached for operations based on Singapore. This, at all events, appears to many thoughtful Australians to be the danger, remote perhaps, with which their defence policy must now reckon.

AUSTRALIA'S SECURITY PLAN

V. AUSTRALIA'S SECURITY PLAN

ENEMY action against Australia could take the form of either naval operations against Australian trade and an attempt to blockade the capital cities, or raids against the cities on the seaboard, or a large-scale invasion. Assuming New Zealand to remain in British hands, an invasion would be a difficult and hazardous undertaking for an enemy, because of transport and supply problems and the absence of suitable positions for an advanced base outside Australian territory. An invasion, however, is not an impossibility. An effective naval blockade of Australia would be possible if, and only if, the hostile navy could control at once all the widely separated lines of sea communication. Raids on Australian seaboard cities might have very serious consequences if made by aircraft and naval gunnery. But coast defences and anti-aircraft precautions could lessen this risk, and raids would not necessarily produce a decisive result unless accompanied by a military landing.

Opinions differ on the question how Australia can get the best value for the money she is prepared to spend on defence. In the past, the Royal Australian Navy has usually had the greater share. The wisdom of this, however, has not gone unchallenged of late. The Government's expert advisers no doubt urge the claims of their own services, and the public has begun to take some interest in the question. Articles, well informed if not inspired, have from time to time appeared in periodicals and the press. There is general agreement that the requirements of the Government's programme for the expansion of the air force should be met. The debate turns, not on that, but on the respective values for Australia of naval and military defence.

It is not simply a question of how a limited fund should be apportioned among parties each eager for a larger share. The claims of the navy and army are based on

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different appreciations of the strategical situation. Those who seek to justify the present emphasis on naval defence point to the outstanding fact that Australia, although a continent, is an island—and Alfred the Great taught the Anglo-Saxons the significance of insularity in strategy. They point to the importance of trade routes and see Australia's great danger in an interruption of her foreign trade. They discount the chances of a major military attack, and say that the enemy could achieve his object by an economic blockade.

Naval tradition, moreover, regards imperial defence as a single, and primarily and obviously a naval, task, and the Royal Australian Navy as one unit of the imperial naval forces. The risk of British fleets being unable to operate in the Pacific, if it is a serious risk, can, it is said, be best provided against by an increase in naval strength; Australia's best contribution, therefore, is an increased Australian squadron. Australia with other British possessions in the Pacific can, it is urged, be effectively defended only by a fleet, based on Singapore, strong enough to keep the trade routes open, to operate successfully against a hostile navy, and to prevent the despatch across the Pacific of any hostile army. The primary rôle of the Australian military forces, like that of the British army, would be then to act as an auxiliary and protection to the navy and its bases.

In military policy, on the other hand, the main emphasis is placed on the local defence of Australia. It is urged that the danger is a real one, and that adequate provision by Australia to meet it would not be a small contribution to the security of the Empire. British naval forces, it is argued, if able to operate in the Pacific, could always protect some at all events of Australia's trade routes, and if the British navy could not operate in the Pacific then the Australian squadron would not be, and could not be made, strong enough by itself to prevent hostile action against Australia. In other words, it is said, it is quite beyond

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the resources of the Australian people to provide a navy adequate to defend Australia without very substantial assistance from the British fleet; since that assistance may not be always or promptly available, more attention should be given to military preparations.

Advocates of this view deny, too, that Australia must needs sue for peace within a few weeks of the interruption of her foreign trade, although they admit that an economic blockade would be a serious matter. The danger, it is suggested, may be reduced if adequate emergency stocks of essential imports are carried in peace-time, and if the policy of making Australia economically self-sufficient is further encouraged. The traditional British reliance on the navy, it is said, is apt to prevent a realisation of the changed situation of Pacific affairs. Once it is admitted that British naval forces may be unable, even for a few months, effectively to control the operations of a major Power in the Pacific, then it is claimed that Australia can obtain the best insurance by paying increased premiums to the Australian military forces. It is urged that at least one regular division should be maintained.

It is not the purpose of this article to pass judgment on these conflicting points of view. It is enough to indicate that the need for adequate precautions by Australia is regarded by many Australians and by the Government as real, that the problem of the defence of Australia has been radically changed, that Australia cannot afford to rely simply on a hope of British naval supremacy in all places and at all times, and that Australia's most useful contribution to imperial security may well be sufficient preparation for the defence of her own territory.

The responsibility and duties of national status are differently interpreted in different Dominions, but it is not incorrect to say that the Commonwealth of Australia regards preparations for its own security as one of them; and, although the measures so far taken may be inadequate, some attempt is being made by Australia to fulfil the

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obligation of bearing her share of the burden of imperial security, in accordance with the resolutions of the Imperial Conferences of 1923 and 1926.

Australia,
October, 1935.

APPENDIX

The Australian Defence Services

The Royal Australian Navy was established in 1909-11. Before that time the several Australian colonies, and, after federation, the Commonwealth, subsidised the Admiralty in return for the regular maintenance of ships of the Royal Navy in Australian waters. The Australian public probably expected the Australian Navy to be an Australian-controlled and Australian-manned protective force operating always in Australian waters. But in 1914, with danger of war in Europe becoming closer, the idea of a strictly Australian use for the Australian fleet received little prominence in Admiralty strategy. While the Commonwealth Government was still protesting against any plans involving the withdrawal of the Australian squadron from the Pacific, the war came. The Australian ships then passed, in accordance with arrangement, under the direct control of the Admiralty, and were engaged either in convoying the A.I.F., in trade route protection or in service in the North Sea.

The Royal Australian Navy returned from the war at its highest peak of strength; but by 1933 it had been reduced to four cruisers, one seaplane carrier and six destroyers, with sundry minor craft. And this squadron consisted largely of idle ships. At one stage, only two cruisers and one destroyer were in commission.

A system of compulsory military training and a general obligation of service in time of war were provided for by the Defence Act, 1909-10. Compulsory training came into operation in 1911. These provisions of the Defence Act were, however, restricted to service within Australia for home defence. The A.I.F. was therefore raised and recruited by voluntary enlistment, and proposals for conscription for military service abroad were twice rejected at referenda of the electors. After the war, compulsory military training was resumed in a somewhat modified and restricted form. From 1922 onwards the results of the Washington Conference and sanguine hopes of permanent peace, combined with parliamentary reluctance to

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provide money, led to considerable inroads on the principle of universal compulsory service. In 1929, when a Labour Government took office, it completely suspended all compulsory training in time of peace. The military forces were then reconstructed as a voluntary enlisted militia.

This force, which is only a nucleus, is organised on a divisional basis in order to facilitate expansion in time of war. Its present strength is not more than about 28,000 militia and some 6,000 senior cadets. There are scarcely any permanent troops other than those engaged in staff and instructional work. The legal obligations of the militia are limited to a few days' training each year, some of which are spent in camps or barracks, and to active service within Australia in time of war. The rôle of the Australian army is the defence of Australia, but none the less it counts itself as a part of His Majesty's Forces and regards its local task as having a definite place in the scheme of imperial defence. Units claim as their regimental traditions the achievements and battle honours of corresponding units of the A.I.F., and that service for imperial purposes outside Australia might be morally, if not legally, required of them is assumed by most Australian officers and men.

The Royal Australian Air Force was formed after the war as an autonomous service. It comprises a Permanent Air Force and a Citizen, or militia, Air Force. In 1928, at the request of the Bruce-Page Government, Sir John Salmond made a comprehensive report on Australian air defence. At that time there existed the rudiments of an air force on sound lines, but it was wholly inadequate to meet any serious emergency. Sir John Salmond's report recommended its expansion in accordance with a nine-years' programme. The Government adopted the proposals for the first period of three years, but the coming of the economic depression delayed attention to even that preliminary work. Somewhat varying views are held concerning the proper rôle of the air force in Australian defence. The Australian public sometimes seems inclined to think that it could place its principal reliance on air power. Having regard to the vastness of the Australian territory and coast-line, the air force is probably capable of playing an important part in Australian defence, and of discharging a somewhat greater task than simple co-operation with the other services.

Aviation, other than purely defence aviation, is controlled by the Civil Aviation Department. There are now in Australia and New Guinea many commercial air routes on which regular services are maintained. Some of these are subsidised by the Government. All pilots and mechanics on the subsidised services must join the Air Force Reserve when called upon, and civil aviation may be regarded as providing an important reserve and auxiliary service for the Air Force.

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In 1933 the inadequate state of Australian defence, due partly to economies during the depression, led to a strong public demand for more active measures. A Citizens' National Defence Committee was formed in Sydney, and gained considerable newspaper and public support. Of course its demands were questioned and opposed in some quarters. A number of organisations whose objects involved the promotion of peace and international conciliation objected to any increase in the defence vote. But the Government was prepared immediately to make some more effective provisions for defence and to lay down a definite programme that it proposed to follow.

Sir George Pearce, the Minister for Defence, in a speech delivered in Sydney in September 1933, speaking principally of naval defence, said that Australia's defence policy must "dove-tail into the imperial defence policy", and he explained the Government's intentions. For the navy, he said, the Government's aim was to provide a squadron of four effective cruisers in full commission with requisite aircraft, a destroyer leader, and four effective destroyers in commission, sloops and surveying vessels for essential peace-time services and for use as mine-sweepers in war-time, the provision of the necessary bases, equipment, fuel, stores and personnel to maintain the efficiency and mobility of the squadron, together with military and air forces, guns and local naval craft for the adequate defence of bases and ports. To give effect to these proposals would necessitate a considerable building programme; for, of the cruisers in existence in 1933, two were of pre-war design, and the others, although of the later Washington type, were already coming under the criticism of experts. The six existing destroyers, too, were built in 1918-19, and had reached the age limit for effective operations. Steps were therefore taken to acquire a cruiser of the improved Leander type.* A further addition to the cruiser fleet is mooted, while one of the existing cruisers is to be scrapped. The Government also arranged for a destroyer leader and four destroyers to be taken over from the Royal Navy, and these have been on the station for some time, although only three of them are at present in commission.

The state of the military defences, the Minister said, had for some time caused the Government much concern. Here what was promised was improved coastal defences of vital localities: in particular, the replacement of obsolete guns of the heavy class, the provision of anti-aircraft guns, the maintenance of adequate reserves of ammunition, the introduction of some degree of mechanisation, the resumption of the practice of sending officers

* This new vessel, H.M.A.S. *Sydney*, is now co-operating, by agreement between the United Kingdom and Australian Governments, with the Mediterranean fleet.—*Editor*.

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of the Permanent Forces abroad for further training, and the encouragement of militia training. Most of these things were long overdue, some were and still are urgently needed, particularly the provision of adequate anti-aircraft batteries. The Minister also mentioned proposals for an expansion of the air force. "The policy of the Government," he said, "is to give effect to Sir John Salmond's recommendations as funds become available." A start has been made. Delivery is now being taken of additional planes. The strength of the force has been increased, and the ground organisation improved. The current year's defence vote provides for further substantial expansion in the near future.

The recent annual expenditure on defence has been as follows (the Australian financial year commences on July 1): 1933-34, £4,582,000; 1934-35, £5,850,000; 1935-36 (estimates), £7,939,000.

There is throughout the Australian forces a general uniformity of organisation, of equipment, and (so far as local conditions allow) of principles of training with the corresponding British services. Australian units and Australians could therefore readily form part of an imperial force. A cruiser of the Royal Australian navy (H.M.A.S. *Australia*) is at present with the Mediterranean fleet, and in exchange a British cruiser is with the Australian squadron. Officers of the Royal Australian Navy and of the Permanent Military Forces often serve for periods with the Royal Navy and the British regular Army, and attend staff colleges and specialist technical courses in England. The General Staff of the Australian Army is organised as a section of the Imperial General Staff. The Australian Defence Department is in close touch with the Committee of Imperial Defence. The Commonwealth maintains naval, military and air force representatives on the staff of the High Commissioner in London, and the defence policy of the Commonwealth is in a large measure the result of consultation with the British Government and British defence authorities, and also with the Government of New Zealand.

THE COMMONWEALTHS OF THE NORTH

By a Correspondent

I. SCANDINAVIA AND GREAT BRITAIN

PEOPLE in England are not altogether aware of the enormous political, cultural and economic influence of their country in northern Europe. Nor do they always realise that, taken as a whole, Scandinavia is not only Great Britain's best customer in Europe, but also, with the sole exception of India, this country's best market in the world. With a population of only 16·3 millions, the four countries of northern Europe take nearly 8 per cent. of our total exports (India, with her 350 million people, takes only slightly over 9 per cent.), while their share of our exports to the continent of Europe amounts to practically one-quarter. Great Britain's trade with Denmark alone—the smallest of the Scandinavian countries, having only a population of 3·5 millions—exceeds her trade with any other foreign country except the United States and the Argentine. Denmark to-day buys more from Great Britain than the Soviet Union, Poland, Roumania, Austria, Hungary, Czechoslovakia, Bulgaria and Yugoslavia, put together. During the last three years she increased her purchases in Great Britain by more than 50 per cent., and in 1934 they amounted to over £14 million. Sweden, Norway and Finland, too, have very largely increased their purchases in this country in recent years. They are all of them endeavouring to meet the legitimate British stipulation of "Buy British"; for of course Great Britain is far and away the best, indeed the dominating, market for Scandinavian goods.

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The conditions laid down in the trade agreements entered into in 1933 have been scrupulously observed, and it is significant that out of the total increase of £5.3 million in Great Britain's European exports in 1934, as compared with 1933, Scandinavia was responsible for no less than £5 million. Sweden alone took nearly two million pounds' worth more of British goods than the year before. Thus the importance of Scandinavia taken as a whole cannot be under-estimated.

But can it be taken "as a whole"? The essential peculiarity of the Scandinavian or North European *bloc* is that it is no *bloc* at all. Indeed, if you talk to the representatives of any of the four (or possibly three) nations composing it, they will scorn the very suggestion of anything like the revival of "Scandinavism"—an obsolete notion of the nineteenth century. It is quite true, of course, that the romantic and somewhat impracticable ideas that animated the sponsors of an inter-Scandinavian cultural and political *rapprochement* in the past have had to be given up once and for all. But first the World War, and of late the international crisis, have driven the nations of northern Europe into very close co-operation with each other. This trend, furthermore, is based on very solid foundations. Despite all differences and national idiosyncrasies, despite also the fact that in many ways these countries are in direct competition with each other, there is an overwhelming community of interests with regard to all the vital economic, cultural and political issues. In their respective trade negotiations with Great Britain in 1933, for instance, the representatives of the three Scandinavian countries kept each other informed of the steps they were taking, for the results really affected them all.

During the war, it was essential to Sweden, Norway and Denmark to safeguard their neutrality and to protect their trade as best they could against the evil effects of the blockade and the submarine campaign. Repeatedly during that period the monarchs, the statesmen and the central

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bank governors of these countries met in council to establish a joint line of action.

In the liberal era immediately after the war, international political questions, such as the League of Nations, or economic issues, such as free trade or the stabilisation of currencies, found particularly devoted and enthusiastic protagonists in northern Europe. This engendered inter-Scandinavian consultations and led to an ever-growing *rapprochement*. Then, for a while, it seemed that the world crisis—with its two fundamental slogans “Chacun pour soi” and “Sauve qui peut”—made all international co-operation impossible. But before long a new kind of “Scandinavism” began to take shape. At a conference held in Stockholm in September 1934, the Foreign Ministers of Sweden, Norway, Denmark and Finland agreed to recommend to their respective Governments that the four countries should establish a system of confidential and close collaboration, with a view to achieving certain entirely practical purposes, both in their relations with each other and in their joint relations with the rest of the world. Certain enthusiasts even suggested some sort of union and at any rate a military alliance. Others, on the other hand, who still cherished autarchic aspirations of various kinds, were opposed to even the vaguest kind of inter-Scandinavian arrangements. It must not be forgotten that there are considerable differences of national character and tradition among the peoples of the north, and that they are by no means willing to be, so to speak, “lumped into one”.

Under the circumstances, the Governments of these countries had to take great pains in emphasising that no attempts would be made to encroach on each other's national individuality or independence, and that the whole scheme would be pursued with the utmost caution. Since the original Stockholm conference, others have been held in Copenhagen and Oslo, and it can be said that at no time have relations between Sweden, Denmark and Norway

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been so close and cordial as they are now. There can be no doubt that on the one hand the dynastic ties between the three Scandinavian royal families, and on the other hand the fact that all three countries have socialist Governments, exercised a favourable influence for better understanding in the various circles involved. Thus the Scandinavian *bloc* can perhaps be best described as a purely moral union with specific economic purposes.

An attempt is also being made to bring Finland into this brotherly circle, although the strong chauvinistic anti-Swedish drive within that country makes her unqualified entry into the Scandinavian *bloc* somewhat difficult. On most international issues, however, Finland and the Scandinavian countries seem to be at one.

The truth of the matter is that all four countries are really faced with one problem and one problem only. All the others, both external and internal, are dependent on it. And that problem is—their relations with Great Britain. These relations have of late undergone considerable changes for both political and economic reasons. As far as trade is concerned, the established practice of the past was to sell to England and buy from Germany. When England turned protectionist the Scandinavian countries were told that if they wished to go on selling in the British market they should also buy in it. In fact the trade agreements of 1933 definitely tied them down to certain quotas of British coal and other goods from the United Kingdom. In order to be able to go on selling to England they had all followed her when she abandoned the gold standard—a step, incidentally, from which they benefited as much as or even more than she did. A switch-over from purchases in Germany to larger purchases in Great Britain was also facilitated by the strong antipathy of the free and democratic Scandinavian countries to the Hitler régime, and by the ever-growing feeling that together with the British Commonwealth they are the true pillars of parliamentarism and democracy.

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As has been stated above, Great Britain is by far their best customer. Although the position has undergone considerable adjustment in her favour through an increase of British exports to Scandinavia and a reduction of imports from there, the United Kingdom still * takes 58 per cent. of Denmark's, 46 per cent. of Finland's, nearly 27 per cent. of Norway's and about 25 per cent. of Sweden's total exports. All four countries have made a very handsome effort to "Buy British" and have accomplished a great deal. Within barely four years the British share of Denmark's total imports has risen from 15 per cent. to nearly 37 per cent., while for Finland the figures are 12½ per cent. in 1931 and 25 per cent. now; Norway's purchases of British goods have increased from 20 to 24 per cent. of her total imports, and Sweden's from 14 to nearly 20 per cent. This expansion of imports from the United Kingdom has not been easy to achieve.

Now, when the Scandinavian countries were making their trade agreements with England they did not expect that these would result in an increase of their exports to the United Kingdom. But they did hope that they would be able at least to keep the markets they already had gained. In that respect they have suffered considerable disappointment, and their uneasiness is made all the greater because none of them know when and how their export possibilities may be curtailed still further.

II. A DEMOCRATIC FAMILY

THESE highly civilised, educated and efficient nations have been able to build up, and maintain despite the crisis, a singularly high standard of living. They owe it in a large degree to the success of their foreign trade operations, as well as to a sane and vigorous administration of their domestic affairs. The problem with which they are all faced now is how much longer they can expect the present state of affairs to last. Thanks to the wonderful

* The figures in this paragraph relate to the first six months of 1935.

A DEMOCRATIC FAMILY

wave of prosperity that they have enjoyed these last two years—in Sweden and Finland, it has actually taken the proportions of a regular boom, especially in such export industries as timber, pulp, wooden goods and iron ore—the countries of northern Europe have been able to develop an active economic policy. Yet each of them taken separately is only a small unit, whereas in any joint action they represent considerable world power. Thus the trend towards inter-Scandinavian co-operation rests upon the time-honoured principle “*L’union fait la force*”, even though this union may be difficult to achieve.

The eternal conflict between good intentions and vested interests has to be fought even among the Scandinavian family of nations. For despite their differences, which must not be under-estimated, they are essentially one family. They remind one of a family where each member has a definite personality and a definite business of his own, but where none the less the common background of the paternal house is strongly felt and where there is a latent fund of goodwill and understanding that can always be drawn on in any emergency. Of course there is competition between these four countries. For instance, Norway depends upon her fisheries, her shipping and her export of pulp and paper. In the two former trades she comes up against Danish competition, in the two latter against Sweden and still more against Finland. In Denmark the agricultural situation dominates everything and very largely dictates the policy of the Government. Sweden, for her part, being a large exporter of iron ore—with Germany as her best customer in that particular trade—must also take this industry into consideration. As to Finland, she has a very much lower standard of living than the three other Scandinavian countries, and is therefore in a position to under-sell them in most of her products, but especially in timber, pulp and paper. It has been said that Finnish competition is to Scandinavia what Japanese competition is to Great Britain.

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In the conception of northern Europe or the Scandinavian *bloc*, Finland is a somewhat problematical factor. This young republic, born after the Russian revolution, has rapidly established itself on singularly firm foundations and has achieved a quite exceptional degree of prosperity. It happens to be the only State in Europe that pays all its debts, including even the debt to America. Finland is certainly a part of northern Europe as a political formation, but is she a part of Scandinavia? She occupies a peculiar position; for on the one hand she definitely does work with Sweden, Norway and Denmark, yet on the other hand she annoys them all with her vigorous economic competition and also with her ruthless attitude towards her Swedish minorities. Furthermore, Finland has a tendency occasionally to act not as a Scandinavian but as a Baltic Power, and her deep-rooted pro-German sympathies are by no means entirely a thing of the past. Yet economic interests make her dependent on Great Britain and therefore dictate the necessity of co-operating with Scandinavia proper. Whereas the political and economic adjustment of Sweden, Denmark and Norway is psychologically complete, in Finland the process is still at work. But the desire of all four countries "to get to know each other better" has to a large extent been gratified, and a great deal of progress has been achieved since the movement was started.

Sweden is to-day the acknowledged leader of the Scandinavian *bloc*, not only because she is its largest but also because she is its strongest and most prosperous member. Her social democratic Government under Per Albin Hansson has been singularly successful. The Swedish Premier, who has just celebrated his fiftieth birthday, is, like all the leading socialists in his country, a disciple of the late Hjalmar Branting, a great man and a great European. He is not a dry theorist or a dreamer, but an essentially practical man of great shrewdness and healthy common sense. Under him the party, indeed the whole country, enjoys a sensible and vigorous leadership, and it obviously

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appreciates his administration. For at the last elections, despite the difficulties of the crisis and several years of office, Per Albin (as he is affectionately known to everybody) and his party were returned with an increased majority.

It is a peculiar fact that in all the four countries of northern Europe the social democrats (who are really *petit bourgeois* conservatives) represent about 40 per cent. of the electorate. In Sweden, Denmark and Norway they actually form the Government. This similarity of development has just been enhanced still further by the result of the Danish elections. There, too, after many years of office and despite a violent anti-governmental agitation, Stauning, the socialist Premier, has been returned with a triumphant increase in his party's poll. A proof of his popularity, indeed of the relief with which his maintenance in power was welcomed, can be seen in the fact that on the strength of it there was a sharp rise on the Copenhagen bourse. Surely it is an unprecedented event anywhere that stocks and shares should go up and the bourse should feel cheerful because of a socialist victory at the polls! In Scandinavia it is but one more proof of the moderate and sound administration of the countries' affairs by their nominally socialist Governments. Even in Norway, where the social democrats used to be rather "red," they have adopted the Swedish and Danish attitude.

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BOTH Stauning and Per Albin get on very well with the Opposition parties and know when not to force an issue. At the moment they have got to manœuvre very carefully over the rearmament question, which is a national and not a party matter. The socialist Governments of northern Europe have always given the greatest possible support to the League of Nations. Scandinavia has been one of the pillars of Geneva and has set the example of disarming almost completely. Great Britain's attitude in the Italo-Abyssinian conflict has greatly enhanced her prestige in

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northern Europe, where indignation against Italy is strong and universal. It is based on truly moral grounds. To the Scandinavians the cause of peace is something definitely congenial, and their belief in the League of Nations and all that it involves is no mere lip service to an abstract idea. The nations of northern Europe are genuinely humane and anti-militaristic by nature; in fact, the very idea of war is abhorrent to them. They were wise enough to keep out of the last European war, and Sweden has managed to avoid war for well over a century. They would do anything to avoid one again.

But to-day these countries feel threatened, and although the danger of an attack seems to be small they feel they must take certain precautionary measures. It is obvious that the only potential enemy is Germany. The Danes are fairly convinced that sooner or later there will be a German adventure in Schleswig Holstein. Even now the Nazis are conducting a sinister propaganda campaign among the German population there. Furthermore, say the Danes, if Germany decides to seize Memel, and meets with no resistance from the big Powers, would that not encourage Hitler to march into Denmark? Or again, if Germany decides to attack Soviet Russia, would that not start a war in the Baltic, thus raising a serious threat to both Sweden and Denmark? And has not the Anglo-German naval pact presented Germany with the virtual hegemony of the Baltic? It is for such reasons as these that the northern countries are worried and are anxiously looking to Great Britain, trying to guess what she would do if such contingencies were to arise.

It is fairly obvious that none of them could stand up to Germany alone. It is also logical to assume that Great Britain would intervene, not only because of her League pledges, but simply because she could not afford to allow Germany to establish herself in, say, Denmark or Iceland. But Great Britain is proverbially slow to act, and the Scandinavian countries feel they must at least take some

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steps to protect themselves. The rearmament question is a great test of the skill and diplomacy of their social democratic Governments. Nothing would be easier than to turn public opinion against them if they were to do something clumsy or iconoclastic; after all, even the socialist workers cannot fail to follow the logical argument of the conservatives, that if there is danger of an attack the best thing to do is to have enough arms to meet it. The reluctance, however, with which the present Cabinets of northern Europe face an issue that is truly hateful to them will be readily understood.

It is hardly surprising that with the trend of the last few years Germany should have lost a great deal of her prestige and popularity in northern Europe. The Scandinavian countries are free peasant democracies, and have no use for dictatorships or terrorism. They are singularly well-balanced people, and this is very largely due to their healthy closeness to the land. There are but few large cities and no hereditary industrial proletariat. The workers are peasants or peasants' sons, and they have not lost contact with their farms. For over a century the Scandinavians have enjoyed an excellent educational system, and for a good many years schools and universities have been free of charge. Hence they are equally accessible to all strata of society, and they produce men whose qualifications are knowledge and efficiency, not merely social position. The Scandinavians have been accustomed to complete political freedom for generations, and that makes any sort of class, religious or social discrimination or oppression hateful to them. Their social and financial legislation of the last decade has produced a great equalisation of income. There are no vastly rich people on the one side, no starved and disease-ridden slums on the other. Among the leaders of commerce and industry there are a few monied people, but many are of very humble origin. They all devote a great deal of time to the voluntary service of the State, sitting on committees, attending international

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conferences, or travelling to distant parts of the world to promote trade and better political understanding. Under the circumstances, it is difficult to imagine what further advantages could be secured through nationalisation of industry or trade, or, indeed, against whom or for whose benefit any radical social changes could take place in these countries. They have their extremist parties, of course, but these are quite insignificant, and are really of foreign importation—at least ideologically speaking. There is no basis for fascism or communism in Scandinavia.

The high repute in which democracy and parliamentarism are held there is considered a great link with England. During the recent celebration of the Swedish Riksdag's quinqucentenary, great stress was laid on its affinity with the British Mother of Parliaments. Scandinavia has a genuine and deep admiration for Great Britain, her traditions and institutions, indeed for everything British, and she is proud of her close association with this country. To the firmly established economic and political ties must be added the cultural ties, which in their present form are of fairly recent formation. Not only is the English language ousting German in the schools, but in every other way English art and letters are becoming better known in northern Europe. Translations from the English fill the booksellers' windows, and practically every new book of importance is translated into one or more Scandinavian languages—though there remains a curious predilection for Arnold Bennett and Ethel M. Dell. Lectures on Great Britain, or addresses by distinguished British visitors, attract a great deal of attention. English plays are frequently performed in the truly excellent theatres. Personal contacts are established, not only by the innumerable Scandinavians who visit England on business, study or pleasure, but also by the ever-growing number of British tourists who spend their holidays in Scandinavia.

The visit of the Prince of Wales, and of Prince George as he then was, in the summer of 1932, or Mr. Anthony

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Eden's trip in the summer of 1935, were definite landmarks in the history of Anglo-Scandinavian relations. Again, the marriage ties that unite the three Scandinavian royal houses to the British throne are a strong and popular link between the countries.

Great Britain and everything British enjoy the greatest goodwill in northern Europe, and this at a time when in most other countries the opposite is the case. But unfortunately people here are not sufficiently aware of the importance of all this. They frequently offend the Scandinavians by being too casual, too insular and too reserved. They expect the Scandinavians to take all the trouble, and while they insist that northern Europe should "Buy British" (which it conscientiously does) they will not learn how to "Sell British". It is humiliating and annoying to hear in Scandinavia the eternal complaint about British firms quoting in guineas, ounces, inches and other unintelligible terms; it is depressing to be told of opportunities missed because of inadequate knowledge of local conditions and requirements; it is positively unpleasant to see some of the British travellers who go out there to hunt for business.

Germany is unpopular in the countries of northern Europe on account of her politics and also because of the losses her currency and other restrictions have caused to Scandinavian merchants. But Germany knows what they want and how to "deliver the goods". Great Britain enjoys the greatest popularity and possesses the further advantage of having tied down the Scandinavians to buying from her a certain minimum of their requirements. But apparently Great Britain does not know how to "deliver the goods", and that is why she is wasting golden opportunities. This is all the more unforgivable in that her official representatives there are able, keen and well-informed people who are only too willing to do all they can for the promotion of a further Anglo-Scandinavian *rapprochement*. We may wake up one day to find that we have lost, not merely a good customer, but one of our best friends.

KENYA: THE SETTLERS' CASE

EDITOR'S NOTE:—*In view of the disturbed political situation in Kenya, THE ROUND TABLE invited a leading member of the settlers' community to describe in these pages the colony's problem as seen by that community. The views expressed are therefore his own and those of other prominent settlers with whom he consulted; they must not be regarded as in any sense those of THE ROUND TABLE.*

I. THE UNDERLYING CAUSES

QUITE apart from unavoidable difficulties that may exist in individual areas, a considerable amount of evidence is beginning to accrue that there exist also a number of avoidable complications and causes of discontent within our colonial empire, more especially in the African dependencies. It might, therefore, be of general interest if one who has been intimately connected with Kenya's problems on the spot, and incidentally with the problems of the adjacent territories, which are all interwoven with those of the Rhodesias and the Union, were to endeavour to give some account of the causes underlying the feelings of discontent, insecurity and grievance that undoubtedly exist in East Africa.

Speaking very generally, these causes are twofold.

1. The economic and monetary policy of the United Kingdom since the war, which worked in the direction of benefiting the United Kingdom at the expense both of the Dominions, who are at any rate in the position of controlling their own affairs, and of the colonies, who are for the most part inarticulate and helpless, and have been denied such measures of relief as have been adopted by all other areas of the New World that have

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London sterling obligations and are dependent upon primary production for export.

2. Control by a rigid, unsympathetic, and out-of-date crown colony government machine, apparently incapable of readjusting itself to the rapidly changing conditions of to-day. The only appeal against the decisions of this autocratic body is by petition or by costly delegation to the Secretary of State, which amounts to an appeal to the same court as gave the initial judgment.

Apart from Southern Rhodesia, and possibly Northern Rhodesia—which, however, has only a very small population—Kenya can be compared with no other British colony. The main difference between Kenya and most of the other units of the colonial empire lies in the fact that its economic and financial structure is largely based upon large-scale, European-controlled primary industry, whereas the economic structure of those other units is based upon small-scale, individual native peasant production. The result is, of course, that Kenya has a large, virile and articulate European population, some of them now of the second generation, that is to say, the grandchildren of those who originally came out.

This settler community is of the highest possible quality, consisting, as it does, not only of immigrants from the United Kingdom, but also of an exceptionally good class of settlers from South Africa, Australia and elsewhere. Furthermore, a considerable proportion of the total consists of persons who have had wide experience and who have made good in other walks of life. It cannot be expected that a population of this type should remain content to see its economic position completely undermined by the lack of policy of a Government dependent on an uninstructed electorate situated 6000 miles away, or to accept indefinitely the position of having no say in the conduct of its own affairs.

It was, in fact, generally realised, even before the world depression became acute, that the existing system of government could not continue indefinitely, and when the full hurricane of adversity set in it became abundantly clear that

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the system was proving a failure; for under crown colony government decisions can hardly ever be made without interminable references to the Secretary of State, a fact that not only causes serious obstruction to development in normal times, but during a period of depression reacts disastrously in that any problem which looks slightly thorny is conveniently shelved, and main issues are avoided. In order to understand more clearly how the regrettable friction that now exists between Government and the governed has arisen, it is necessary to review the history of the post-war years in some detail, beginning with the economic history.

The extent to which the immediate post-war policy followed by the Imperial Government, directed to securing the earliest possible return to the gold standard, adversely affected the Dominions, colonies and dependencies is not generally appreciated. The pursuance of this policy led to a great appreciation of the commodity value of the pound sterling, in other words to a continuously falling price level. New countries dependent entirely on agriculture suffered an enormous increase in the physical burden of all debts expressed in terms of London sterling, and to a consequential increase in the physical burden of debt upon the individual primary producer, owing to the rigidity of major costs such as London charges, shipping freights, port dues, railway freights, road transport, and taxation charges, all of which have in the end to be met in produce.

The sterling world was, however, rushed back to a gold exchange standard in 1925, an effort that ended in failure; England was compelled to default on her obligations to America, and the whole policy eventually fell to the ground. Meanwhile, however, the disastrous repercussions on the new countries continued, and were aggravated in East Africa by the "fixation of the rupee".

During and immediately after the war, the official currency system of the East African territories consisted of the

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Indian rupee, which, immediately after the war, fluctuated between 1s. 4d and 2s. 8d sterling. In India, on the recommendation of the Babington Smith Committee, an attempt was made to counteract this fluctuation by a return to the gold standard. In East Africa, the rupee was arbitrarily fixed by statute at 2s. sterling, and East Africa did not even obtain the subsequent relief that India found in the collapse of the Babington Smith policy, because, incredible though it may sound, although the rupee reverted to 1s. 6d, the East African money unit remained legally pegged at 2s. The effect was to add 50 per cent. to the whole cost of government and of the railway, to add 50 per cent. to government liabilities in the forms of note issues and subsidiary coins, and to add 50 per cent. to all rents, royalties, overdrafts and other monetary obligations. The producing and mercantile interests of the colony were very nearly ruined, and the Government was left with a huge deficit in its currency account. With this terrible initial distortion Kenya was left to face all the problems that other colonies had to face in the years of falling price level.

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NATURALLY, the country got into difficulties after this rupee fixation. The Government's efforts to deal with the situation were ineffective, and the unofficial settler community were driven in self-preservation into a fierce struggle with the Government. As a result, a strong committee (the Bowring Committee), mostly composed of unofficial members, was set up, and was given wide powers to make recommendations for the immediate measures necessary for the restoration of some equilibrium. Much was done by this committee, but one main recommendation, which would have abolished the distortion of the official salaries position, though introduced as a government measure, was defeated by the casting vote of the Governor, in spite of the fact that a number of civil servants, to their

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lasting credit, voted for it. Official emoluments are still over double their pre-war level.

As soon as the Bowring Committee disappeared, and the colony was again placed on an even keel, a riot of spending broke out. Government expenditure, which had been limited to £1,861,000 in 1924, rose to £3,439,000 in 1930.* Protests from the unofficial community became increasingly vocal and acrimonious. Large deficits appeared at the end of each year from 1929 to 1933 inclusive. These deficits were foretold by the unofficial elected members of Council, but their representations were disregarded, the assurance of Government apparently increasing as the falsity of its prognostications became more obvious.

Early in 1932, on the recommendation of the joint parliamentary committee, Lord Moyne was sent out as Special Financial Commissioner; his original terms of reference were to investigate generally what proportion of total taxation was contributed by and expended on the different races. Shortly after his arrival, however, supplementary instructions were given, authorising him to review the general budgetary position of the colony, and to make recommendations for any readjustments in taxation or expenditure that he might consider necessary. Lord Moyne was only in the colony for six weeks, a period obviously insufficient for him to make the investigations required to deal effectively with these enlarged terms of reference; he therefore resorted to the expedient of including in his report recommendations to the effect that an Economy Committee should be set up to suggest ways and means of reducing government expenditure, and that it might be advisable to introduce a measure of income tax. In other words, he confirmed that expenditure was taking place on too lavish a scale, and that revenue was insufficient to meet the Government's commitments, and he left it to

* The total value of Kenya's domestic exports in 1934 was £1,910,000. Kenya's estimated gross expenditure for 1935 is £3,188,041, and net expenditure £2,111,565.

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others to endeavour to balance these two factors. An economy committee had been asked for by the unofficial community ever since 1930, but no such body was called into being until July 1932, and then only on the advice of Lord Moyne. Furthermore, the terms of reference were carefully restricted so as to make it impossible for the committee to recommend the drastic measures obviously necessary to deal with the situation. This was forcibly pointed out to the Government, but without avail.

The Kenya Government thus appeared to have no plan or policy, and Lord Moyne's first recommendation was only half-heartedly complied with. Their attitude, however, to the second recommendation was entirely different. The proffered opportunity of raising further revenue was eagerly seized upon, and, without any previous consultation with the unofficial community, a gentleman suddenly appeared in Kenya, at Kenya's expense, charged with the duty of drawing up an income tax ordinance—this form of direct taxation to be superimposed on all other existing taxes. Income tax, incidentally, had been tried before in Kenya, and had proved a failure. The unofficial community looked upon the arrival of this uninvited and expensive official as a gross insult. Feeling ran at fever heat, and a petition was sent to the Secretary of State. The people demanded that the income tax commissioner should be immediately withdrawn, and that Government should at long last take adequate steps to reduce expenditure, and not to increase taxation. They added that, in order to afford Government the breathing space necessary for readjusting its machinery in accordance with the recommendations of the Expenditure Advisory Committee, they were prepared to provide further revenues by means of certain specific emergency measures of taxation, on the strict understanding that these were to be considered as temporary and were to be withdrawn at the end of 1934.

Meanwhile, the persistence of the decreasing price level, coupled with drought and an infestation of locusts, rendered

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the individual settler's economic position very grave, and various basic industries of the country showed signs of imminent collapse. It was therefore suggested by the elected members that some body should be brought into being to enquire into the internal economic position of the country as a whole, as apart from Government's budgetary position, and to make suggestions for remedial measures, such as were being brought into force in practically every other similar country in the world. Government half-heartedly agreed, but in view of the fact that the Secretary of State himself was about to visit the country they postponed taking a final decision until the Governor had had time to consult with him. The Secretary of State's visit was keenly looked forward to by the unofficial community; for they considered that a heaven-sent opportunity had been granted them to put forward a reasoned case to the real arbiter of the country's affairs. A memorandum was carefully prepared, and was submitted before an interview was granted. To describe the interview as disappointing would be to use a mild term. The Secretary of State was very abrupt, and in so many words informed the deputation, which consisted of all the elected members, that he was unable to prevent bad times, that little or nothing could be done, and that they just had to "make the best of a bad job". This interview contributed in no small degree to the increased irritation that has manifested itself from that date.

With regard to the proposed investigation, the Secretary of State informed the Governor that he could see no useful purpose in appointing any such committee. This very nearly led to another crisis. It was pointed out to Government that they had practically promised to arrange for such an enquiry, and after an acrimonious struggle they gave in, rather than be accused of a breach of faith, although they expressed a doubt whether the committee would make any useful contribution towards the solution of the problem. This committee, known as the Economic Development Committee, after sitting for $7\frac{1}{2}$ months, submitted many

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recommendations for measures calculated to help various basic industries. Many of these recommendations, to be of any use, should have been implemented within a very short space of time. No steps were, however, taken to carry them out.

The last budget session was held in December 1934. Government's budgetary proposals were opposed by all the elected members, on the ground that quite apart from various objectionable details they provided for a continuance of the emergency taxes, which it was assumed would be withdrawn by the end of 1934. The budget was, however, forced through by the government majority, and the elected members decided to leave Council in a body, resign their seats, and appeal to the country.

At this stage, the Governor intervened by stating that if ways and means could be found of still further reducing expenditure, he might consider the removal of the emergency taxes, and he agreed to appoint yet another economy committee to see whether further reductions in government expenditure were practicable. The elected members accepted this proposal, and the committee was duly appointed, but seven months were allowed to elapse before any further session of the Legislative Council took place.

III. THE "WHITE HIGHLANDS"

MEANWHILE there were other matters that were tending to incense the settler community. During 1934 the report of the Carter Commission had been published. The Carter Commission conducted probably the most important enquiry that had ever taken place in Kenya. It dealt with all land questions, including settlement of native claims, consideration of the future needs of the native population, and a review of the working of the Native Land Trust Ordinance; finally, it was to define the area within which persons of European descent were to have a privileged position in accordance with the White Paper of

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1923. The recommendations of this Commission were accepted by the Secretary of State, and agreed to in the House of Commons in July 1934, but although these recommendations vitally affected every single individual in the colony the report was approved and accepted in England before anybody in the colony had seen it, or had been consulted, a procedure to which strong objection was naturally taken.

The Carter Commission report was debated in the Legislative Council during September 1934. During the course of the debate, nearly all the elected members spoke, but only at the end of the debate were they favoured by the intervention of a single Government speaker, who spoke non-committally for less than twenty minutes—scarcely a happy or tactful method of dealing with a major issue at a time when feeling was running rather high. The elected members made it perfectly clear that their acceptance of the report hinged unconditionally on the immediate carrying out of its recommendation for securing a very much curtailed area, to be known as the "White Highlands", to white settlement for all time, by means of an Order-in-Council. It may not be without interest to mention that, although this article is being written at the end of October 1935, this recommendation has still not been implemented.

The question of the White Highlands is possibly the one that is least understood in England, and about which the strongest feeling exists in Kenya. It must be remembered that European settlement took place at the invitation and with the encouragement of the home Government, and it has always been definitely understood that the highlands would be reserved for Europeans, due regard being given to the needs, present and future, of the indigenous native population. The precise area to be reserved has, however, never yet been delineated. Proposals for a final and fairly satisfactory settlement of this problem were made by the Carter Commission. It is as well to remember that it was this same problem that led to the crisis of 1923,

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at which time the white settlers went to the length of arming in order to preserve what they looked upon as their birth-right. Feeling has in no way abated during the last ten or twelve years. The question resolves itself, in part, into one of European claims versus Asiatic pretensions—in no way of Europeans versus natives, for in no area of Africa have relations between a European immigrant race and an indigenous African population been so harmonious as in Kenya. There is, however, a large population of Indians, numerically nearly twice as strong as the Europeans, and the difficulties raised by the gradual infiltration of a somewhat low-class Indian population, whose standards of living are totally different from those of Europeans, must be viewed at close quarters to be appreciated. The same problems had to be faced in the Rhodesias and in South Africa, but were dealt with before they reached the acute stage that they have now reached in Kenya.

The settlers realise the difficulties with which the Imperial Government have had to contend recently owing to the passing of the India Bill. They have been patient in spite of some provocation on the part of the Indian community. Their patience is, however, becoming exhausted, and they are determined that some permanent protection against this danger shall be afforded without delay. Unless steps are promptly taken to implement the reasonable recommendations of the Carter Commission, it is almost certain that some major incident will occur in Kenya before long.

Another subject that caused no small amount of irritation was the attitude of the Colonial Office towards the employment of Kenya-born youths and girls in the Kenya civil service, the settlers contending that it was only just that preference should be given to Kenya-born candidates, provided always that they were up to standard and possessed the necessary educational and other qualifications. The Colonial Office, however, discourage the appointment of Kenya-born candidates.

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IV. THE PRESENT POSITION

THE most recent session of the Kenya Legislative Council was held in July 1935, after an interval of 7½ months had elapsed since the previous session. The atmosphere was extremely tense. The European elected members, by way of motion and questions in the House, endeavoured to pin Government down concerning their policy on certain major issues. They first asked what Government's policy would be with regard to the temporary and emergency taxes at the next budget session. The reply was that Government had not made up their minds, coupled with a denial that they regarded the emergency taxes as being temporary.

The question of railway administration was then touched upon. The railway had got into difficulties during 1931 and 1932, but partly owing to drastic reductions in overhead expenditure, and largely owing to increases in railway freights, the financial position by the end of 1934 was a thoroughly sound one, and the railway ended that year with a substantial surplus. The general manager, however, had suggested in his annual report that instead of affording relief to primary producers he considered it advisable to maintain the increased rates in order to enable him to build up a reserve fund of one million sterling, to safeguard the position of the railway against any future depression. The settlers considered this a fantastic suggestion at a time when the country had not yet begun to emerge from the depression, and when all primary producers were producing at a loss. Government's reply was that this was not a reasonable question to bring up in Legislative Council, since the railway served two territories and was controlled by an Inter-Colonial Railway Council, and not by either Government. This reply was considered unsatisfactory by the unofficial members, who maintained that economic stability must to a great extent depend upon the policy adopted by the state railway, and that it was the duty of

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Government to have some ideas of their own on such a vital issue.

The next question raised was that of the security of the White Highlands; when, if ever, were the recommendations of the Carter Commission to be implemented? The answer was that Government did not know, but that no doubt these matters were being discussed by the Governor and the Secretary of State in England. A question concerning the employment of Kenya-born candidates in the Kenya civil service was pressed to a vote, and the full complement of 21 Government members were seen to vote solidly against any such suggestion. Lastly, a debate took place on the recommendations of the Economic Development Committee, already mentioned above. Nine months had elapsed since that committee reported, and at last a White Paper had been published depicting Government's attitude towards the recommendations made; it showed that, although Government approved of most of the recommendations, no adequate or immediate steps were contemplated to implement them. The unofficial members pointed out that every other country in the world had been obliged to take drastic steps to safeguard its internal position during the depression, whereas in Kenya no such steps had been taken, Government's policy from first to last having been one of "drift".

Government's replies on all these points caused grave dissatisfaction, and towards the close of the session a section of the European elected members left the Council, explaining that the history of the past few years clearly demonstrated that the Legislative Council was to be regarded as a time-honoured pantomime and that the constitution had been turned by the Government into an efficient machine for obstruction.

Public meetings were called all over the country, and it was decided to summon a session of the Convention of Associations, a body that has existed in Kenya for the last twenty-five years. Delegates attend this Convention from

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all the farmers' associations throughout the country. Just before the Convention met, the Governor, who had been in England on sick leave, returned and was immediately told of the general feeling of the country by the chairman of the European Elected Members' Organisation. He thereupon wrote a letter to the Convention to be read out at the opening of its session.

It had been confidently expected that the Governor, on his return, would be able to state that his conversations with the Secretary of State had borne fruit. It was at least hoped that he had brought back an assurance that further money for the Land Bank would be forthcoming, and that the question of the security of the White Highlands had been adequately dealt with. Unfortunately his letter revealed that nothing had been achieved.

A deputation from the Convention, which included a number of European elected members, sought an interview with the Governor, at which he adopted much the same attitude as Government had adopted during the recent Legislative Assembly. He would not commit himself with regard to taxation, nor could he give any assurance that the Carter Commission's recommendations regarding the White Highlands would be immediately implemented. He did, however, agree to ask the Secretary of State to send out a Special Commissioner * to enquire into the possibility of reorganising the government machine with a view to bringing it more into line with the modern needs of the country, and further, to report whether any fresh reductions in government overhead expenditure were possible. He also agreed to enlarge the terms of reference of a committee that was about to be appointed to consider the feasibility of a government bond issue, with the idea of releasing frozen mortgages.

The question of overseas loans was raised, but according to the Governor this had been enquired into in England, and the conclusion had been reached that no alleviation

* Sir Alan Pim has now arrived in the colony.

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could be obtained. The total public debt of the colony amounts at present to £17,205,600, on which debt charges amounting to £1,065,918 have to be met in 1935. Kenya is paying annually in interest and in sinking fund on its borrowed money substantially over 6 per cent.; for a number of the loans were raised at a discount, with the result that during the past few years a quite disproportionate burden has been thrown on the colony. Generally speaking, the loans raised on Kenya's behalf in England appear to have been floated on exceptionally harsh terms, and no early redemption dates were provided. The Kenya five million 6 per cent. loan of 1921, which was issued at 95, and which is not redeemable before 1946, is the most onerous loan that has ever been imposed on any colony or dependency controlled by the Colonial Office. It is claimed that some conversion scheme could and should in common fairness be formulated, whereby, in view of the cheap money available to-day, the existing onerous loans could in some way be converted.

After a number of other subjects had been discussed with the Governor, the deputation returned to the Convention, which felt that little or nothing had been achieved. It was unanimously agreed that the present state of affairs could not be tolerated, and as the Convention could not remain in session indefinitely it was decided to form some body capable of exerting continuous day to day pressure on Government, and of organising the whole country into a determined and effective opposition to Government if necessary. The body formed is now known as the "Colonists' Vigilance Committee", and it consists of the European elected members, together with one extra representative from each electoral area, and several representatives of the big towns; there are district sub-committees throughout the country. That is the position to-day, and, as will be seen, it is an extremely uncomfortable one.

Now, admittedly this article is written from the Kenya settlers' point of view. It may therefore to that extent be

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said to be biased. On the other hand, the average Kenya settler does try to preserve some sense of proportion. He would much prefer to work with Government, and not against Government, for he is by nature and tradition conservative and loyal. He genuinely feels, however, that he has been unfairly treated over a period of years, until at length disillusionment and suspicion have engendered in his soul an absolute determination to fight for what he considers his minimum rights as a loyal British citizen.

What does he want? In the first place he cannot be expected to remain content to be regarded as merely on an equal footing with the other communities in the colony. He is, after all, of the same kith and kin as the ordinary citizen in Great Britain. It is the European settler who has built up Kenya, not, as some would have us believe, at the expense of the African, but very much to his advantage. It is the Kenya settler who stands up for the African—often against Government—and not Government who protects the African from the Kenya settler. Having supplied the driving force and the necessary finance for the development of the country, the British settler now demands that he should have some real and responsible share in its government. There will be no peace in Kenya until this demand is met.

The constitution to-day provides for a Legislative Council and an Executive Council. The former has to pass legislation, but the latter initiates it, and more nearly represents the Cabinet in democratic governments. It is therefore obvious that abolishing the official majority in Legislative Council alone would not go far enough in associating the unofficial community in the government of the country, and the settler expects to be given also more power in the executive organ of government, that is, in the Executive Council.

The land that he has developed he considers should be sufficiently safeguarded to his race to enable him to pass it on to his children. During world upheavals, such as

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have taken place during recent years, he considers that he has the same right as every primary producer in other parts of the Empire to have proper steps taken to safeguard his economic existence, pending a return to normality. He considers also that he has a right to have his children educated without being told that a demand for compulsory primary education will only lead to similar demands by the Asiatic and the native, and therefore cannot be thought of. After all, he only claims for his own children the birthright of every European child, to be given at least primary education, whether or not it is given to every Asiatic and African. He considers that as this country has been developed by white settlement, a proper settlement scheme, acceptable to himself, should be introduced, and that once and for all he should be told whether or not Government encourage white settlement, or whether, as he sometimes suspects, the truth is that they wish to keep settlers out of the country.

At the moment, he feels that he is driven by force of circumstances into a determined opposition to the crown colony system of government, which he considers to be out-of-date and inapplicable to his country, but he remains unflinchingly loyal to the Crown and he never has any doubt that the colony will win through its present difficulties. He remains confident in its destiny, and will continue to strive after what he considers should be the goal of this generation—the establishment in East Africa of a new, loyal, white Dominion, securely founded in the principles of British tradition and Western civilisation. With that object in view, he feels it would only be in accordance with the principles traditional to our race were His Majesty the King to be graciously pleased to see fit to grant to him some at least of the functions of responsible government.

Kenya,

October 1935

GERMAN FOREIGN POLICY

I. GERMANY AND ITALY

ALTHOUGH Germany stands outside the conflict between Italy, Abyssinia and the League of Nations, her position is obviously of vital importance to the members of the League. This for two reasons: first, because she might undermine the policy of economic sanctions through her trade with Italy, across Austria or by transit through Switzerland; and second, because the primary reason for the hesitation of some European countries in supporting the League against Italy is their fear of exposing themselves, not perhaps now but eventually, to German aggression. Germany has expressed a policy of neutrality between the parties to the dispute. But in these days the concept of neutrality is in so unsettled a phase of evolution that the word may mean anything or nothing; in order to understand the meaning of Germany's neutrality it is necessary to enquire into the fundamental bases of her foreign policy.

The principles that guide the outlook of the present German Government towards international affairs may be summarised under four heads. First, the honour of a nation is its highest natural right, just as life is the highest natural right of the individual. Second, the dealings of man with man are the natural example for co-operation between nations; therefore peace is more surely grounded on agreements between two or three nations than on general collective undertakings. Third, equality of the signatories of every treaty is the only firm foundation for peace; therefore the *Friedensdiktat* of 1919 must be revised in a general sense as well as in particular clauses. Lastly, war must be taken into account as an eventuality to be

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endured and as a possible instrument of national policy, which, though it may never have to be used, must not be allowed to rust.

The logical conclusion from these principles would apparently be for Germany to support Italy, who is herself following them as they apply to her own position. This view is indeed held in certain National Socialist quarters. But the *Führer* himself has declared that Germany's foreign policy should be based upon close co-operation with Great Britain and the Scandinavian States, as well as with Italy. On this ground, Germany might be expected to act with Great Britain in the present crisis in order to secure British support for the future. Austria provides another reason for opposition to Italy; for the *Gleichschaltung* of Austria is foremost among the specific ambitions of German policy, and Italy lies across the path to this goal. On the other hand, the National Socialists undoubtedly fear that a triumph of the democratic countries through the League of Nations, which precipitated the fall of fascism, would react unfavourably for themselves upon the internal political situation in Germany. Some of them conceive the idea of a *bloc* of anti-liberal States, able to control the whole of eastern and south-eastern Europe. Moreover, Germany is so fully occupied with her economic and religious problems that her wisest immediate tactics seem to be to avoid all foreign entanglements.

Germany's neutrality, therefore, derives not so much from a general principle of international policy (like the neutrality of the United States) as from the need for steering a cautious middle course between particular influences. An official statement, issued on November 7, while denying by implication that Germany had any intention of sharing in League sanctions, took credit for the fact that she had banned the export of arms and munitions to both Italy and Abyssinia, and declared that

Should an abnormal increase in exports of raw materials or foodstuffs become apparent, which threatens Germany's own

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economic interests, the German Government will prevent it by appropriate measures.

It is impossible to avoid a suspicion that the appeal to economic interests is a back door for escaping from a very embarrassing predicament. Germany's financial position is indeed such that she cannot afford to increase her exports to Italy, except in return for cash, of which Italy has no abundance at this moment. But quite apart from this consideration the German Government is not prepared to arouse bitter resentment in Great Britain and other League countries for the sake of a purely transitory advantage. If Germany could act in concert with a solid group of revisionist States, that would be another matter altogether. But no such group exists to-day.

It is therefore reasonable to conclude that German "neutrality" will not seriously interfere with the working out of League policy. On the other hand, it would be fallacious to believe that the National Socialist Government is ready to change its attitude towards the League of Nations. The working of sanctions is being watched with great interest, and by some people with regret that Germany is not to-day in a position to use the League as an instrument of German policy, just as they profess to believe it is now being used by Great Britain as an instrument of British policy. It is foreign to the National Socialist outlook on international affairs to conceive that idealism can seriously enter into the motives of a great State. The League is seen as an instrument, not as an independent foundation for lasting world peace. Although the wind has veered a little of late, it is not long since the party propagandists were told of the Government's hopeful expectation that the Italo-Abyssinian dispute would break up the Stresa Front by developing into an Italo-British struggle. This idea of the underlying issues in the League crisis dies hard. It is incredible to the kind of mind that now guides the destiny of Germany that any statesman would be prepared to jeopardise the national interests of the country he repre-

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sented in order to apply a principle of a higher order than nationalism.

II. THE DANGER OF WAR

IN the present crisis, therefore, the German attitude is bound to be wholly negative. But the basic principles of foreign policy that have been outlined point towards much more positive eventualities elsewhere or at a later time. Those principles themselves rest upon a still more fundamental factor, the racial idea. On the evolution of this idea depends the future of European peace and security. National honour is valued so highly, and is so easily affronted, in the conception of the National Socialists, because to them the nation is the only way in which the race is able to express itself as a unity. The nation state is the sacred expression of the racial consciousness. The racial affinity of the Germans with the British and the Scandinavian peoples, in their view, makes this Nordic group the only really desirable alliance for Germany. The call of the blood, they believe, will be stronger than economic or cultural or political differences. The German race has found its finest expression in National Socialist Germany; therefore all members of the race scattered throughout the world will have to be directed from Germany. Those who now form minorities in neighbouring countries will have to be brought once more into the fatherland; this the National Socialists regard as a necessary condition of lasting peace in Europe.

This racial doctrine is dyeing with a steadily deeper tinge the whole fabric of German society. It has changed the aspect of every science, profession, trade and occupation in Germany, and it is only where it encounters equally deep-rooted religious faith that it has met with serious opposition; on the Christian faith it has had to make a frontal attack, whereas into all other branches of activity it has been able to intrude by the back door. In foreign

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policy, the racial idea has had many important consequences. In the first place, it limits immediate German ambitions in Europe to countries or parts of countries whose population Germany feels able to assimilate. So long as this part of the dogma is upheld there will be little danger of German imperialism of the old type on the European continent, notwithstanding the desire to enlarge Germany's sphere of influence in order to project her will further and further afield. Herr Hitler's declaration that Germany has no aspirations beyond her western frontiers is probably spoken sincerely and can be fulfilled. Thus racialism has greatly simplified German foreign policy, and this in itself has commended it to many Germans.

Nevertheless, the racial ambition does not stop at the incorporation into Germany of concentrated *blocs* of people of German race who now find themselves under the rule of other countries. For "a place in the sun" must be provided for the free development of the German race, whether incorporated in the Reich or not, towards the misty goal of national greatness. There must be more room for the activity of Germans, not only in a geographical sense, but also economically and politically. The nations that have to deal with Germany must assume, as a basis for their policy, that she will pursue the aims deriving from the racial idea with all the power at her disposal. Germany wants peace. This is true in two senses: for the moment, she is too preoccupied with rearmament and with her severe economic difficulties to be able to afford any external adventures; and even if she were stronger she has not yet reached the phase in the progress of dictatorships when war is desired for war's sake; she is still in the phase in which the dictator hopes and intends that national ambitions will be secured without war. If, however, German aspirations can be fulfilled only at the expense of countries who would resist to the point of war, then unless the League Powers are prepared to see those smaller countries go under there must come a point when Germany and the other great

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Powers stand face to face, under the imminent threat of another great European conflict.

We reach the same conclusion if we start from the consideration of Germany's internal position. At present, as we have said above, Germany's internal politics seem rather to be a check upon war than a provocation towards it. But the stress must be laid on the phrase "at present". Some features of German internal life under the National Socialist régime seem bound in the end to bring Germany to the point where war is the only way out. The educational system is steadily imbuing the children who will have risen to manhood in a dozen years' time with the glorification of war and of the national claims of the fatherland. The birth-rate is being forced up by every means that the Government can employ, and, since the present resources of Germany are already barely adequate to maintain the existing population on its very low standard of living, any large increase of the population must give to Germany, as to Italy to-day, a "legitimate need for expansion". Meanwhile, the economic system is being made as self-contained as possible, partly in reaction to forces over which Germany has no independent control, and partly in order to reduce the danger of economic defeat in the event of war. This policy will plainly expose the shortcomings of Germany's natural resources and will thereby provide another forcible argument for expansion. The fact that Germany is preparing against the contingency of war is not in itself especially alarming, for every other nation appears to be doing the same. The danger lies in the fact that Germany's external policy and her internal policy are both apparently tending towards the same conclusion—a crisis in which war is the only alternative to a sharp arrest of German national ambitions.

All nations have ambitions and needs of their own, and it must inevitably happen that different national ambitions conflict from time to time. This possibility is not peculiar to Germany. But in most countries, when the

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Government has used the big stick in support of national ambitions, there is always the lively possibility that it may be overthrown at home or may itself choose the path of political retirement rather than carry its threats to the point of war. But in dictatorial States there is no way of getting rid of the Government, except revolution, so that if the National Socialist Government leads Germany to the point where she has threatened war and her threats do not secure her objective, the path of compromise is blocked.

If this line of argument is correct, Germany cannot become a whole-hearted member of any true collective system until the National Socialist Government either disappears or changes the basis of its political philosophy. For the long-term future, we must hope that this will happen before we are plunged into another European war. It would be idle for an outsider to guess at the future of German internal politics. The present task is to avert a European war as long as possible in the hope that some day, either by counter-revolution or by an evolution within the National Socialist State, the basic principles of German external policy will undergo a change.

Roughly, there are two main courses open to the other nations of Europe in their relations with Germany, either to grant her substantial concessions or to grant none at all. Small concessions are worse than useless; for they effect no improvement whatever in the underlying European situation, while materially strengthening the National Socialist Government. To make no concessions at all, though not an impossible policy, is an inherently dangerous one, because Germany would soon become versed in the art of seizing what she wanted, by small fractions at a time and in such a way as to leave the other great Powers paralysed. If there are to be concessions, it is essential that they should be made before they can be shown to have been exacted under German threats. Otherwise they are bound to become, not only food for Germany's further

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ambitions, but also a telling tribute to the policy of *Macht*. If the moral force of the League Powers, which stands behind their material force, is to be united, the war crisis must not arise over what is felt by people of goodwill to be a legitimate and proper German grievance. But beyond Germany's legitimate claims, nothing ought to be conceded; for tempting as it may be to buy off a dangerous Power at the expense of small countries, in this case it would only postpone the day of reckoning and weaken the forces that stand for freedom and peace.

There is a still more fundamental necessity for the policy of the Powers who hate war and love freedom. The attention now being given in Germany to a League that only a few months ago was universally derided is proof that the German people are alive to the importance of the collective system as a force to be reckoned with in world politics, and ready to measure its advantages for themselves. The professions of disbelief in idealistic motives behind the policy of Great Britain and other League Powers mask an uneasy realisation that to some nations the State is not the end of human existence, and that their sense of world citizenship is a hard fact that Germany must seriously take into account. There is no more powerful hindrance to the triumph of German *Machtpolitik* than the living example of another system, equally loyally supported by its adherents and equally firm in its will.

FEDERALISM AND ECONOMIC CONTROL

I. THE HIDDEN STRUGGLE

UNDER the surface of politics in all federal countries, a hidden struggle is continually waged, the struggle between federalism and economic control. In more than one great country during 1935 it has broken out into open battle. The personalities and party rivalries of the Canadian elections in October masked a more fundamental conflict in the constitutional field. In the other great nation of North America the issue has been clearer still. The constitutional problem has been in the front of United States politics ever since the Supreme Court over-ruled the major provisions of the N.I.R.A., in the notorious Schechter case, because the Act purported to extend the federal economic power beyond the range of external and inter-state commerce.

The troubles of federalism in the economic field are inherent in the character of modern politics and of modern economic affairs. Finance and commerce, it is true, leap international as well as internal barriers; so that in a sense the federal problem is but a world problem on a smaller scale. But the power of the national State to impose tariffs, to regulate migration, to conduct its own monetary system, and, in brief, to command the ultimate allegiance of its citizens, give force and reality to economic regulation on the national scale. The constituent provinces or states of a federal country possess, as a rule, none of these powers, and command only a partial and subordinate allegiance. Yet they are commonly endowed with rights, sometimes concurrent and sometimes exclusive, to lay down conditions

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of labour and minimum wage-scales, to carry out systems of social insurance, to legislate for the raising of capital and the conduct of companies, and to affect through taxation or otherwise almost every branch of economic activity. This anomaly was of less moment when government interference with trade and industry was much more restricted than it is now; but to-day, when developments in transport and communications, in economic organisation and in public sentiment have vastly extended the recognised field of governmental responsibility in economic matters, it is a constant source of trouble to federal countries.

Whatever view we take of the rights and wrongs of this encroachment of government on economic affairs, it is a dynamic fact, which no one can afford to neglect. It is bound to create pressing problems in the relations between different political organs, even in unitary countries like Great Britain, where a dour struggle between localism and centralism is still being fought in the field of unemployment relief. The intensification of economic nationalism is both cause and effect of the increase of governmental authority in matters of trade, industry and labour. "Planning" must always give rise to a movement for the safeguarding of markets by tariffs, quotas and preferences. On the other hand, if a country uses fiscal or other measures to protect any industry, the public will feel sooner or later that in return for these privileges, and in order to prevent their exploitation for the benefit of a few capitalists, the protected industries must be subject to a measure of governmental control, or at least that their conditions of labour and their relations with other industries must be made to conform by law to certain standards. In Canada this phase has been reached to-day as a reaction from the high tariff policy of the Conservative Administration since 1930. The world depression has also accentuated and extended another form of governmental interference in economic affairs. Low prices being so obvious and so harmful a symptom of depression, governments as well as private

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individuals have sought in a score of industries to raise prices by restricting output. This is, for instance, the whole basis of the A.A.A. in the United States, upon whose constitutionality the Supreme Court has yet to pronounce. Even if the verdict is favourable the conflict between federalism and this form of economic control will not have been fully or finally resolved, certainly not outside the United States. Canada and Australia have their own obdurate problems in the same sphere.

The struggle between federalism and economic control has two aspects. On the one hand, the federal government is often rendered impotent, not merely in the fields reserved to the states, but also in other economic fields where nominally it is supreme. This impotence derives from the intimate link between trade, over which the federal government usually possesses very elastic powers, and production, which is normally within the sphere of the provinces or states. A tariff leads to dumping; this brings about a situation in which an international scheme for control of output or exports is required; and then the international scheme is found to be useless unless internal production is regulated. This chain of circumstances is not a mere armchair invention; it is actually to be seen in the history of the world copper industry during the past few years. The second aspect of the conflict is that the subordinate states themselves are inhibited by inter-state competition from conducting their own systems of economic control. Ontario would not dare pass labour legislation that would substantially raise industrial costs above those ruling in Quebec, which had no similar restrictions. The New England states have to face a constant pressure towards the equalisation of their industrial and wage conditions with those of their southern competitors in the textile industry.

AUSTRALIA AND CANADA

II. AUSTRALIA AND CANADA

THE constitutional relations between state and federal governments are often profoundly modified in practice by their financial and fiscal relations. If the central government has to provide finance for activities carried on by the states, or if it exerts some control over their borrowing, it has a powerful hold over them, and can exert a directive authority in many fields nominally reserved for the states. In Australia * these financial relations between the Commonwealth and the states assume a greater importance, and create greater difficulties, than their relations over such matters as social legislation. With all its climatic and other variations Australia remains largely homogeneous, politically as well as racially. It comprises no state with a widely different political outlook or economic programme from those of other states or the Commonwealth as a whole. The present Prime Minister of Australia is an ex-Labour member from a small state, now at the head of a Nationalist Government which vigorously retorts to the Western Australian attack on Commonwealth power and the domination of the larger states. In Western Australia itself the Government is Labour, and the Australian Labour party has always tended to exalt rather than curtail the powers of the federation. There has been no grave conflict between states and Commonwealth over social legislation because, on the whole, they have been of one mind, and a socialistic mind at that. The Western Australian problem is at bottom not a federal but a regional one; for the root of it is tariffs, which must always be the exclusive sphere of the federal authorities, and which would cause exactly the same grievances if the constitution of Australia were unitary or if the power of the states were enlarged.

On the other hand, the financial relations between the

* See *The Working of Federalism in Australia*, in THE ROUND TABLE, No. 98, March 1935.

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states and the Commonwealth are a constant source of trouble. Fiscally, the states have always been the weaker partners, and the smaller states have been forced to rely on subventions from the centre. The fact that the Commonwealth budget has recovered from the trials of the slump far more rapidly than the state budgets has brought this problem very much to the fore to-day. It will require some fairly deep constitutional surgery unless the states are prepared to resign themselves to being perpetually pensioners of the Commonwealth. They have already surrendered a good deal of their financial independence under the Financial Agreement of 1928, backed by the Enforcement Act passed after Mr. Lang's attempt to withhold the service of New South Wales loans. The surrender was made, however, not to the federal authority, but to a co-operative organ which equally took over the rights of the Commonwealth itself. The Loan Council, comprising the Prime Ministers and Treasurers of all the states and of the Commonwealth, with a neutral chairman, forms perhaps the most remarkable instance anywhere of co-operative action to defeat the troubles that a federal constitution meets in the economic sphere. It creates, however, problems of its own, which hark back to the fundamental conflict between economic facts and the limits of political responsibility.

Canada is to-day facing a grave problem in the sphere of public debts, and some of her citizens have turned envious eyes towards the Australian example. She also has the same problem of the sapping of provincial responsibility through federal subvention to economic services (relief, or public works) which it is in the federal interest to see conducted throughout the country. Despite the opposition of the Liberal party, especially the French-Canadian section of it, to amendments of the constitution reducing provincial authority, the return of the Liberals to office at Ottawa improves the prospect of useful reform in these matters. For the political homogeneity that is so

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characteristic of the Australian scene has now been secured, at least temporarily, in Canada. In only two of the provinces is the Government not of the same party colour as at Ottawa, and in those two cases there is every reason to expect co-operation on a good many lines of economic reform. The victory of the Liberals has also relieved the siege of the constitutional fort that was being laid by "New Dealers", whether of the Bennett or of the Stevens or of the Woodsworth hue. For a while, presumably, the Liberals will go slow on measures of interference with the conduct of trade and industry. But in spite of the election returns there is ample evidence that Canadian public opinion is far from returning to *laissez-faire*, and that, on the contrary, demands for public control of the operations of capitalism will steadily grow. Hence Canada also must face the problem that is so dangerously vexing the federation to the south of her.

III. THE FUTURE OF FEDERALISM

THE conflict appears to be growing more intense as the years pass. If it is inherent in federalism, can the latter hope to hold out until the tide of public opinion is reversed and governmental control of economic affairs is diminished? There are many who believe that the inevitable end of federations is either separation or unification, and the incidence of economic problems certainly seems to support this belief. Nevertheless, the forces that created the federations, and that give them strength and value, have not disappeared simply because economic facts have changed. A new federation, perhaps destined to be the greatest national federation in the world, is even now being created in the sub-continent of India. Over-centralisation must always mean an excessive power of bureaucracy. More serious still, it must mean a neglect of the interests of minorities. The problem of minorities (including, of course, majorities by count of heads which are ruled by

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privileged minorities) is perhaps the most urgent problem of present-day politics. It is certainly the most likely cause of war in Europe. Somehow it must be solved, and federalism is the most hopeful instrument to hand for solving it. Is there no significance in the fact that the plainest case of a satisfactory treatment of the minority problem—the case of the French-Canadians—is essentially bound up with a federal constitution? Quebec more than any other element in Canada regards its rights as safeguarded by the federal provisions of the British North America Act. If federalism, therefore, is in decay, and must be forsaken as a live political cause, the task of the nations in seeking peace and goodwill among men is rendered much more difficult.

Separatism, on the other hand, solves the problem of the conflict between federalism and economic control only by substituting another and perhaps a still more serious problem, the problem of the division of the world into an excessive number of economic groups, incapable, because of the power of vested interests, of acting together for the common economic good. The further separatism is pushed, in the economic field, the greater becomes the necessity for federalism.

Is not the root of the trouble this? It is in the nature of federations that the constituent units demand a precise legal formulation of their rights, and are jealous of any encroachment thereon. No federation can be governed by the loose system of constitutional convention that in Great Britain takes the place of meticulous "fundamental laws". Hence it is in the nature of federations to be inflexible, to be tardy of growth to match the development of facts and opinions. The task, therefore, is to find some means of bending federal constitutions and allowing them to grow to meet changing circumstances. The solution will not be everywhere the same. In India the new nationalism has to work out its own answer to the problem. In Australia perhaps the future lies in an

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extension of such co-operative bodies as the Loan Council, the Premiers' Conference, or the Commonwealth Agricultural Council.

Canada, where the problem is most obvious at the moment, is fortunate in that the British North America Act contains several clauses that permit a measure of flexibility and of growth.* The Dominion is given a general power to legislate for trade and commerce (sub-sec. 2 of sec. 91), and although in the past the Privy Council has interpreted this to mean that the Dominion could deal with trade and commerce only within the limits expressed in other clauses of the Act, recent decisions encourage the belief that this ruling may be reversed. Section 132 of the Act declares that

The Parliament and Government of Canada shall have all powers necessary or proper for performing the obligations of Canada or of any Province thereof, as part of the British Empire, towards foreign countries under treaties between the Empire and foreign countries.

In both the Radio case and the Aviation case (heard in 1932 to decide the respective rights of the federal and provincial authorities to legislate for these new and vital matters) the Privy Council gave a generous interpretation of this section. Perhaps even more important is that part of section 91 which gives the Dominion power to legislate for the peace, order and good government of Canada. Recent Privy Council cases have established that this is not merely an emergency power, available only in a time of crisis. Lord Sankey said in the Aviation case :

While the courts should be zealous in upholding the charter of the provinces as enacted in section 92, it must no less be borne in mind that the real object of the Act was to give the central government those high functions and almost sovereign powers by which uniformity of legislation might be secured on

* See an article on "Social Reform and the Constitution", by Brooke Claxton, in the *Canadian Journal of Economics and Political Science*, August 1935.

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all questions which were of common concern to all the provinces as a constituent whole.

These extracts from the constitution of a single federal country are enough to show that a written constitution, with due safeguards for provincial rights, is not incompatible with flexibility in face of changed circumstances, provided the courts charged with its interpretation are themselves abreast with the events and trends of the day, and are not too sternly bound by a frigid legalism.

It might be argued that this is but chicanery, a lawyer's trick to evade federation, not a genuine attempt to meet the underlying problem. But if the disadvantages of federal constitutions lie in their legalism, there can be no complaint if legalism is turned to the destruction of those disadvantages. We must not rate the concept of a federal State too high. Federation is a political expedient, not a moral principle. Political systems are a complex of rights and duties, resting ultimately on the question, to whom, or to what authority, does the citizen owe allegiance. In normal affairs the question is not present, for the law works smoothly and a man goes about his business obeying one authority in this set of matters, and another authority in that. But in a moment of crisis a conflict of claims may arise, and it is then apparent that ultimate allegiance cannot be divided. The issue of allegiance cannot be determined, in the last resort, by a juristic interpretation of statutes. The law must conform to the facts, or so much the worse for the law. When all formalism is stripped away, the bare question is, which authority commands the residual loyalty of the citizen. Is it the federation or the constituent state? If the answer is the federal government, as for the vast majority it must be, then an integration of powers, designed to meet the necessities of economic circumstances, accords with the underlying realities, by whatever process it may be secured. If the answer is the constituent state, then such an integration merely lays in store a fresh and still more dangerous conflict. Whatever the constitutional

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laws may say, the ultimate arbiter of social duty is the residuary legatee of political power. The incidence of economic problems does not alter the fundamental social facts on which political systems rest. It merely makes it necessary to adjust the political machinery.

The solution of the federal problem rests ultimately on the capacity of men to work together for a common end that is greater than their own individual interests. The federal power is bound to take into consideration the opinions of its constituent states; but the states too are bound to take into consideration, alongside their own local interests, the opinion and the interests of the federal nation as a whole. If adjustment is impossible the fault does not lie in the particular character of the issue or the particular form of the constitution; it lies in the inevitable failure to make a nation out of people who think of themselves in terms of a narrower loyalty.

That is a social, a spiritual problem, not a problem of constitutional law. Indeed the whole conflict goes deeper than the troubles of federalism. Two of the most powerful forces in the world conjuncture to-day are socialism, avowed or disguised, and economic nationalism, under whose impact all political systems feel an almost intolerable strain. These forces are like a geological pressure that betrays itself here in earthquakes, there in volcanic eruptions, elsewhere in exceptional tides and storms. In some countries fascist dictatorships are the result, in others constitutional war. The politico-economic system, like the earth's surface, may eventually settle down to a new stability, but in the meantime these stresses create great dangers, some of which we are now facing in international affairs. Hence it becomes an urgent problem to relieve the stresses as well as to adjust the political machinery to withstand them. The troubles of federal states, like the outbreaks of fascism, are a warning to the world to choose between chaos and co-operation in the economic field.

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I. AFRICA TOUCHES INDIA

INDIA, like Europe, lies to-day in the shadow of Abyssinia. Even forty years ago the Italian defeat at Adowa had its repercussions throughout the world, and now, with the world infinitely smaller and more closely linked, the conflict in what is known as Africa's last independent country cannot fail to have immediate and lasting reactions. Indian opinion has not been passionately expressed, but India is none the less deeply concerned, and the very restraint of most of the comment probably derives from the depth of the writers' feelings. Great Britain's lead at Geneva was demanded by the rights of the case and by the responsibilities of every member of the League: it was no less advisable from the point of view of self-interest; for had she consented to stand by and watch the spoliation of Abyssinia she would have lost irrecoverably, among a large and influential part of the population of India, the reputation that she still preserves for justice and fair dealing. While her stand has received general approval here (though rather grudgingly in the extreme organs), there is a disposition to hesitate before indulging in outright praise. People seem to be thinking that the proof of the pudding is in the eating.

The long delays of the League procedure have not escaped notice and pungent comment. During the summer months, Italy poured men, munitions and stores unchecked into East Africa; during these same months the arms embargo prevented Abyssinia from obtaining munitions herself. The opinion is growing that, if the League's function as a preventive of war is ever to be effective, its operation must

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be accelerated. The League's delays have had the effect, not only of making it certain that Abyssinia, whatever the ultimate outcome, must suffer grievous initial harm, but also of allowing Mussolini to put himself in a position from which diplomatic retreat was extremely difficult. The Italians have long memories, which extend, under fascist guidance, back to the Cæsars. Indians, too, have long memories, and will not readily forget Mussolini's outbursts against the coloured races in general, and the brutality of this attack on the last independent State of Africa.

A further reflection called forth by the crisis is this. The association of India in the application of sanctions should as far as possible be on a footing with that of the Dominions; any feeling that India was looked upon as a kind of magnified crown colony, from which sacrifices could be demanded at will, might go far to restrict or qualify her goodwill towards British policy and the authority of the League.

II. ACT AND REACTIONS

THE process of digestion is of as great importance to the body politic as to the physical body, but it does not lend itself to observation from outside unless it is disturbed or defective. It is thus with the Indian political world and its recent full meal of reforms; assimilation is proceeding with little outward manifestation in Madras, whose political digestion has always been sound, and in the United Provinces; even in the Punjab, where the communal problem so frequently intervenes, the constitutional dish is being steadily absorbed into the political system. In Bombay the process is apt to be irregular, for the Maratha is a very different man from his rival, the Gujarati. Bengal and Assam, for their part, are oppressed by financial forebodings, and the former by a communal problem that is as yet unsolved. On the whole, however, it may be said that the passage of the Constitution Act and such preparations as the arrival of the Delimitation Committee or the

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announcement of Sir Otto Niemeyer's visit have fixed the reforms into the Indian political consciousness.

Political students or citizens of the United Kingdom would do well to banish from their minds any idea that the majestic sequence of the Act's 478 sections sets forth a complete picture of the new Indian constitution. The Act gives the outline; what it does not and could not give is the shading or the colours, which can present within the same outline either a smiling valley or a gloomy glen. So it is with India and the Act. The shading and the colours are made up of the degree in which prominent Indians and parties participate in working the new constitution, the financial position and settlements, the quality of the new Governors, the extent to which Whitehall interference can be minimised, and, above all, the degree of acquiescence among the populace. What are wanted from the British public and Parliament are a philosophic spirit and a stout heart, and what is to be avoided at all costs is a meticulous scrutiny and interference, a constant peering at the roots to see if the plant is growing.

On a broad generalisation, the Indian is not sentimental : the Englishman is. The Indian, whatever his tendencies towards mysticism, his admiration for ascetics, his apparent fanaticism in religious matters, is essentially a realist in the affairs of this world. Hence the common charge against him of a lack of gratitude. Gratitude in its English connotation holds a large element of sentiment. If it is accepted that the Indian is a man free from sentiment, then clearly the emotion known to Europeans as gratitude must take a different form in this country, as indeed it does. Its curious embodiment here does not in any way mean a lack of appreciation, but merely that every change is taken for what it is worth by the Indian and thereafter applied in relation to the succeeding problems of his daily life. In many ways, indeed, the Indian may be termed essentially matter-of-fact.

An illustration of the essentially practical quality of the

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Indian mind can be obtained from a realisation of his attitude towards matters of credit and debt generally. Sentimentalists in the United Kingdom, and for that matter in India, rend the heavens with their cries over the indebtedness of the ryot. In particular they grieve over the apparent recklessness and contumacy with which he incurs expenditure on such matters as marriage ceremonies. All this will fall into a better focus if it is realised that to a severely practical outlook credit is not credit until it has been used; that is to say, the Indian regards his assets as comprising (a) his material possessions and (b) the credit on which he can draw. There is no point in having credit unless you use it, hence the universality of borrowing. Hard things have been said about the *Sabukar* or village moneylender, but of him too a juster estimate will be formed if the general attitude of the Indian towards credit is appreciated. It is, in fact, a case of diamond cut diamond. Apply the same reasoning to politics and a good many puzzling factors will become clear. A new constitution is a fact to be examined and used to the limit. It is difficult for any of us to view a problem through the eyes of others, but statesmen must be able occasionally to achieve the feat, and it is particularly desirable that they should do so at moments of great constitutional change. If British observers could for once don Indian spectacles, they would come nearer a true appreciation of Indian political attitudes.

III. CONGRESS AND THE REFORMS

THE meetings of the Congress Working Committee at Wardha in July and later in Madras were expected to produce some pronouncement on the future Congress attitude towards participation in the working of the new constitution. Why such expectations should have been entertained it is not easy to see, and the outcome of the meetings was that anticipated by those who had given some thought to the Congress position—in effect,

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permission to members to debate the point, but a reservation of any final decision to a session of the Congress itself. The tide towards participation, however, is rising, and a letter issued by Mr. Kelkar and other prominent politicians of western India in this sense attracted considerable attention. Mr. Jayakar's declaration that the new constitution must be worked is another indication of the same trend. Mr. Satyamurthi has expounded at some length at different times his view of the proper attitude of the Congress; in effect he contemplates Congress Ministries in the provinces, forcing dissolutions and ultimately compelling a Governor either to suspend the constitution or to accept the Congress Ministry's demands. In either case, he says, the constitution is wrecked.

This assumes powerful Congress Ministries, for no Government with a small majority could carry out such a programme. This important consideration has probably escaped the attention of the optimistic Mr. Satyamurthi, but it has certainly not passed unnoticed by the longer-headed members of the party.

A breath of common sense was brought into the discussion by Mr. C. R. Reddi of Madras, when he remarked that no constitution can be wrecked by or through the Councils. If Congress has a determined majority, it may make government by Ministers impossible, but that cannot be wrecking the constitution, because the constitution itself has provided for the Governor to take over the administration. In other words, the real ultimate consideration is that suggested already in *THE ROUND TABLE*, namely, the amount of acquiescence in the country as distinct from the ranks of politicians. If this is forthcoming, the constitution will work whether there are Ministries or not. If it is not, then complications and difficulties are inevitable.

The Indian press devoted much attention to the final passing into law, on August 2, of the monumental Government of India Bill. The *Tribune* of Lahore called

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this day "one of the blackest days in the history of India". The *Hindu* of Madras, concluding a four-column editorial, remarked that "the new constitution will no doubt be worked, but in a spirit different from that which its framers hoped for or imagined". A Liberal paper, the *Indian Nation*, remarked that minorities and Princes could not be expected to reject, and would not reject, the advantages attained under the Act; it became, therefore, essential for the progressive sections to see that the national interests were not jeopardised, and it was their imperative duty to make a vigorous search "to discover where the element of goodness lurks in the evil of the Government of India Act".

An interesting feature in practically all these comments is that acceptance is implicit. The rather grudging attitude need not occasion wonder or disappointment. The change of structure of government must affect every citizen and every interest in the country and apprehension is only natural. He would be indeed a bold prophet who would venture to predict how actually the new constitution will work; for it is in essence an act of faith. Some call it a gamble—but that after all is merely to give the same dog a bad name.

The choice of venue for the Working Committee's July meeting was Wardha, a town of little importance and less attractions in the south of the Central Provinces. There was only one explanation for the choice, to wit, that Mr. Gandhi was residing there. The association is significant and did not pass without comment, much of it rather acid, even from Congress organs. If the Mahatma has left the political arena, why are important meetings arranged at the place of his residence? Why, asked one paper, is the *darshan* of the Mahatma a necessary preliminary to the deliberations of Congress bodies? One Congressman published an open letter to the Mahatma asking whether he is in the Congress or not. The truth is that Mr. Gandhi has in spirit and in deed played so great

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a part in Congress decisions and actions that he could not, if he wished, separate himself from it, and it is doubtful whether he does so wish. A man cannot lightly detach himself in his age from a movement that has absorbed his adult years. At the moment it is unlikely that the Mahatma will return officially to Congress office, but the possibility should not be ruled out. In any case he will always function as a sounding-board and a hidden counsel.

Perhaps the greatest boon of the new constitution will be to introduce some degree of reality into India's political life. The Congress has flourished precisely on its absence, but as the acceptance of the new constitution as a fact becomes more and more widespread there will probably be a steady tendency towards the development of real party issues. A summons to this end was recently issued by Sir Homi Mody in a speech at Bombay and has been echoed in other quarters. The Congress Committee's abstention from a decision is merely a reflection of their recognition that facts and desires operating together under a régime of greater reality will heighten the practical as against the theatrical element in Indian politics, and *pro tanto* diminish the influence of the Congress.

Sir Homi Mody's call for the formation of a party to work the reforms is interesting as a symptom but is unlikely to have much practical issue. Nor should any who take a long view really desire a practical outcome on these lines. What India wants is not parties professedly to work the reforms but parties that will take the reforms for granted and proceed under them to lead a normal political life. It would be all to India's benefit if this pragmatic attitude could spread; and if Sir Homi's call for the formation of a Reforms party holds up this development it will to that extent be rather a drawback than a benefit. In the interests of the new constitution itself it is very doubtful whether such a party is desirable. Its very name and declared purpose would in India invite attack from quarters that otherwise might have remained silent and inactive.

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Party formation is in quiet progress elsewhere, but the infantile mortality in Indian political parties is high. One that will probably develop seriously is the Socialist left wing of Congress, and a possible future for the Congress under the new constitution is that of a purely nationalist organism within whose embrace the different political purposes will be pursued by parties in effect and even in name independent. The Congress has its hold largely because of its single and national appeal. When practical political purposes enter and the cry is no longer universally "agin' the Government", the connecting bonds are likely to become more and more tenuous. Among the party fusions suggested is the old idea of Liberals-cum-Congress. This is unlikely to come off, for both sides are disinclined towards it. The Liberal lady who goes for a ride on the Congress tiger is the prophetic picture that the shrewder Liberals have before them.

The popular theory among Congressmen regarding entry to the legislatures is that the Congress members should be there to destroy, not to construct. Mr. Gandhi, not for the first time, has played the rôle—in which he takes, one suspects, a certain pleasure—of *enfant terrible* by declaring in his answers to a set of conundrums that entry into the Councils is *dharmā* at this stage. "It is not good on the part of those who have taken the oath of allegiance to do anything against the Government. In the attainment of Swaraj, this is also a stage, and an essential stage." As a Mahratta paper puts it, "the moment the Congress declare their object of breaking the Councils and of creating deadlocks, they forfeit all claim to the benediction of the Mahatma, for they will be acting in violation of his conception of *dharmā*." The same paper goes on to say that to enter the Councils with a view to obstructing after taking the oath of allegiance is like entering a house as a tolerated guest and trying to pull it to pieces, like entering a temple and breaking the idol, like entering as a candidate in an examination hall and writing on the answer books a condemnation of the University and its educational activity.

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This attitude is as novel as it is refreshing and might be taken as one of the signs of the increasingly realist attitude that is developing in the political parties in India, now that the long-discussed constitution has reached legislative completion.

IV. THE ASSEMBLY SESSION

PERHAPS the two most interesting topics that came up for discussion at the recent session of the legislature were the Criminal Law Amendment Bill and the measures taken by Government in connection with the Quetta earthquake. The first brought up arguments and counter-arguments that have been used in India for many years. The outcome was that the Bill was rejected by the Assembly and ultimately certified by His Excellency. The main difference between this Bill and its predecessor of 1932 was that while the former's validity was limited to three years the present measure proposed no such term. The general arguments against the prescription of a term to the operation of such a measure are simple and well known. The fixing of a limit encourages the disaffected and discourages those who might be inclined to reform; if a problem exists, legislation should provide for it generally, and if it diminishes, then all that happens is that legislation is not applied. This is all logical and correct, but psychologically it misses one point, namely, the great regard in India for the rule of law and the position of the courts. Indian political thought has never lost its regard for what it considers the established maxims of the independence of the courts and a guarantee to them of uninterrupted performance of their functions. Bills such as this in effect say that the courts are not enough, and nowhere in the world will a greater outcry greet a suspected encroachment by the executive on the domain of the judiciary.

It is here that the real importance of the time limit enters. It is within the experience of everyone that emergencies

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arise and call for particular remedies. The imposition of a time limit in effect admits an emergency and therefore provides a justification or an excuse for interference with the normal run of the courts' powers. To omit a time limit implies an intention of permanent change in the judicial system. In the course of the debate one voice was raised asking for a fixed period, and although this point was not seriously threshed out it is not impossible that had a time limit been inserted the Bill would have been accepted. As it was, a transference of six votes would have been enough.

No legislation is immortal, and since the present measure will be at the mercy of the Federal Legislature of the future, it is in effect temporary. It is difficult to avoid an impression that not enough regard was paid to this or to the psychological aspects just mentioned. The Bill, however, is on the statute book, and the powers to which the Government of India attach importance are retained indefinitely. From the psychological point of view it would have been a great victory to have had legislation of this sort carried by the Legislative Assembly instead of being imposed by certification and thereby condemned to function as a target for abuse. It would have had the great merit of definitely associating even this present legislature with necessary measures for the maintenance of law and order. The use of certification is a sign not of strength but of weakness. In the present conditions of India, strength consists in getting suspicious and refractory legislatures to consent to measures that offend their theoretical estimates of what is correct.

In the Quetta debate in the Assembly Government scored a victory—by a few votes only, it is true, but the success should not be measured merely by the small numerical margin. The Congress party were ill-advised here. They had a point, namely, that in a calamity that shocked and moved the whole of India there was perhaps too little regard for the natural human desire for knowledge. It

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might perhaps be said that the disaster was regarded as almost departmental. Whether this point was worth taking to a debate is doubtful, but certainly the discussion should have been confined to it and not allowed to roam over the wide and frequently unfair charges brought against the officers of government. It was this that brought about the Congress defeat, and some of the speeches by Independent members showed an honest indignation at what in effect was a policy of depreciation for depreciation's sake. A wiser leader would have avoided this unfortunate development, but, as it was, too many of the Congress speeches betrayed the accentuation of bitterness that frequently comes from the consciousness of a bad case.

V. FINANCIAL SHADOWS

THE appointment of Sir Otto Niemeyer to investigate the financial position and adjustments in connection with the new reforms has been on the whole well received, and although there have been complaints that provincial and other interests ought to be represented there is a fairly general inclination to realise that for an expert enquiry of this sort one really good man is better than any number of committees, of which India is beginning to feel that she has recently had rather more than enough. Bureaucracies, like democracies, are apt to think that everything can be done by committees and not to realise that for every piece of actual work lying ready for a committee to do it probably succeeds in creating an equal amount of fresh work for someone else; a too generous indulgence in committees is apt to produce the same kind of surfeit in the body politic as over-indulgence does in the human frame—an accumulation of waste products of which it is difficult to get rid.

Sir Otto's report and proposals when they emerge will be of the first interest and importance, but at present there is little to gain by discussing the financial scheme. One

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general point that might be made, however, is that India has probably come to a stage that calls for an overhaul of the whole financial system, not merely its details. For example, recent years have seen drastic remissions of land revenue in order to bring the ryot's taxes into keeping with the fall in prices, and although the remissions have been made under the cover of the ordinary Land Revenue Codes they really signify a good deal more than a mere application of these Codes. In fact in future the land revenue rates, instead of being fixed for long periods (save for exceptional reasons), will have to be attached to prices or profits and vary in harmony with them. The pundits have for long disputed whether land revenue is a rent or a tax; these discussions were always largely artificial and will become steadily more so until land revenue approximates to the position of an agricultural income tax.

All this will make for budgetary complications, but there is no absolute necessity for the calendar twelve months to operate as the budget term, or to apply to all sources of income or expenditure, and it may be advisable to examine in regard to land revenue and indeed other items whether a longer term might not be necessary or more convenient.

India,

October, 1935.

IRELAND AND THE LEAGUE

I. MR. DE VALERA AT GENEVA

THE strange repercussions of international affairs could hardly be better illustrated than by the fact that Italy's attack on Abyssinia has, for the first time in living memory, united Northern Ireland and the Irish Free State in a common political purpose; for both Lord Craigavon and Mr. de Valera are at one in their support of the League of Nations Covenant. This unity is remarkable even though Lord Craigavon, as representing a mere provincial government of Great Britain, has no real choice in the matter, whereas Mr. de Valera is, of course, acting independently.

Speaking in the League of Nations Assembly at Geneva on September 16, Mr. de Valera, in a sincere, eloquent, and outspoken speech, explained the attitude of the Free State Government towards the international crisis. The cynic, he said, had to-day become our teacher. Yesterday they were told that war as an instrument of aggressive national policy had been outlawed, and their thoughts were busy with the possibility of a union of Europe. To-day, before the mangled bodies of the youth of that continent had yet been mercifully assimilated with the clay, they were awaiting the result of an eleventh-hour attempt to postpone the opening of a conflict which might set the peoples of the world mutilating and destroying each other again, expecting little but the relief that must come when the piteous, melancholy uncertainty of to-day was exchanged for the steady resolve and active purpose of to-morrow. To be thrown into a position of enmity with those with whom they wished to be on terms of friendship, to have to oppose those whom they admired and would welcome an occasion

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to serve—what more heartrending alternative could there be to the abandonment of duty and the betrayal of their deepest convictions and their word, solemnly given? Yet that was the alternative before them, and that was the price they might be called on to pay for that common security without which the peace they needed would never be realised. It was a hard price, he said, but harder still, and more terrible, was the future in store for them if they should fail to be ready to pay it. The final test of the League, and all that it stood for, had come. Their conduct in this crisis would determine whether the League of Nations was worthy to survive, or whether it was better to let it lapse, and disappear, and be forgotten. If the Covenant was not observed as a whole, for all, and by all, then there was no Covenant.

He spoke, he said, for the Irish nation in declaring that they had no imperialistic ambitions. Although a mother country, they coveted no colonies, and had no dominions. Their sole claim was that the ancestral home of their people, unmistakably delimited by the ocean, should belong to them. They made no demands but those founded on justice. They claimed the right to order their own life in their own way, and to select their own governmental institutions without interference, being prepared to admit for all other nations in their respective territories the same rights as they claimed for themselves in theirs. One of the oldest of the European nations, with feelings of intense joy they found themselves, after several centuries of attempted assimilation by a neighbouring people, restored again as a separate recognised member of the European family to which they belonged. By their own choice, and without compulsion, they had entered into the obligations of the Covenant. They would fulfil those obligations in the letter and in the spirit. They had given their word, and they would keep it; for few nations would the test that might confront them to-morrow be more severe. Why, he asked at the end of his speech, could not the peace

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conference, which would meet in Europe when the next conflict had decimated the nations, and disaster and exhaustion had tamed some of them into temporary submission, be convened now, when calm reason might have the chance to bring the nations into friendly co-operation? Why could they not endeavour to forge an international instrument, not merely for settling international disputes when they arose, but for removing their causes in advance?

Broadcasting to America a few days previously, he criticised the mechanism of the League, pointing out that it lacked the essential power of making binding decisions and enforcing them. That power was absent because the will to have it otherwise was absent. In this matter many governments and statesmen were in advance of their peoples; it was in the people themselves that the will was lacking. They desired security, but were not willing to make the necessary sacrifice to secure it. Theoretically each nation had given an assurance that the rule of law should be implemented without having to use force, but in practice each nation wanted to reserve to itself the right to interpret the law and be judge of its own case. The theory of the absolute sovereignty of States, interpreted as meaning that a State is above all law, must be abandoned. A fundamental general convention, such as the present Covenant, was not enough, and the changing condition of international society and of mankind required a more flexible instrument. The rule of unanimity must go. It was foolish to hope, and extremely dangerous to expect, that by any device such as the Covenant of the League one could freeze, or keep for ever static, any existing state system, irrespective of how it came into existence. Only what was just had a right to last. There must be some tribunal by which the law should be interpreted and applied. There must be some machinery whereby its judgments could be enforced against a State that might think it advantageous to ignore them. The League was a precarious and imperfect instrument, but it was a real

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effort to order international affairs by reason and justice, instead of force, and to destroy it now would be a crime against humanity. The alternative, so far as Europe was concerned, was a return to the law of the jungle.

Whether or not one accepts Mr. de Valera's views on these grave issues, one must realise that he has approached them sincerely and in no petty spirit, and that he is prepared to carry his opinions to their logical conclusions. It is interesting to note, also, that his attitude towards the League is apparently consonant with the idea of the great English jurist, Austin, that international law lacks the true character of law because there is no supreme law-giver to enact the law, to provide sanctions, and to enforce them, rather than with the wider continental view which looks to the special sanctions provided by treaties and the force of public opinion to enforce international agreements. His fellow-members of the League Assembly paid him the compliment of electing him to the chairmanship of the important Sixth Committee, which deals with political questions.

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IRONICALLY enough, Mr. de Valera's position at Geneva in September was similar to that of John Redmond in the House of Commons on the declaration of war in 1914. Redmond then, believing that England was in the right, refused to bargain, and took his stand with the Allies, just as Mr. de Valera, in this almost equally serious crisis, has taken his stand by the Covenant without reservation, regardless of the fact that, in so doing, he acted with Great Britain, and thereby incurred the inevitable criticism of our diehard republicans, whose only criterion of political action is opposition to England. Redmond was never forgiven by Mr. de Valera and his friends for his action in 1914, but chance has now placed Mr. de Valera himself in the same dilemma, and experience and

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responsibility have led him to a similar conclusion. He is, however, happier than Redmond inasmuch as his decision was made in an international assembly as the elected head of a virtually independent people, whereas Redmond had to speak in the English Parliament as a party leader from a country not yet free.

As was to be expected, the extremist element lost no time in accusing Mr. de Valera of treachery and surrender. Miss Mary MacSwiney, the sole repository—in her own opinion—of the true republican faith, in a letter to the press on September 24, denounced the League of Nations as “a league for the preservation of the imperial *status quo*”, no more capable, as at present constituted, of initiating and preserving the reign of justice and peace in the world than was the most unholy “Holy Alliance”, which followed the Napoleonic wars. It was for this fraudulent League of Nations, she stated, that Mr. de Valera seemed to be contemplating involving Ireland in war. The Fianna Fail party should be wise in time. They would have less power to bind Ireland to England’s side now than the Irish party had in 1914. Now was the time to get out of the British Empire, restore the Republic, and set their own house in order. Until the freedom of Ireland without trammels or camouflage was attained, imperial England was their only enemy, and no war she entered into would find a loyal Irishman on her side. Let them unite against her and be free.

The republican newspaper, now reduced to typescript and spasmodic appearances, also denounced Mr. de Valera as being responsible for republican disunity and sabotaging the republican movement, while Messrs. Twomey and MacBride, the leaders of the I.R.A., who are still “on the run”, made a sudden appearance at a Dublin street meeting to denounce him. The incorrigible General O’Duffy, who has just returned from a world fascist conference at Geneva, has excelled himself by appearing as the champion of Italy, which, he assures us, has only taken steps “to end

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an intolerable situation and defend her prestige among the civilised nations". Several Blueshirts of his party had, he said, volunteered their services, not for Italy or against Abyssinia, but "for the principles of the corporative system", whatever that may mean.

The United Ireland party has, unfortunately, sought to make party capital out of the situation. Dr. O'Higgins, T.D., one of its front-bench members, speaking at Thurles on September 23—with Mr. Cosgrave's knowledge and approval—said that to have Ireland on her side was worth many times the annuities to Great Britain. Mr. de Valera had pledged the whole-hearted support of the Irish Free State to Great Britain in her difficulty. If their assistance and support were pledged without any settlement of their own quarrel it was an opportunity lost which might never return. Other leaders spoke in similar strain, and Mr. Cosgrave himself, speaking in Dublin on October 4, said that our efficiency as a member of the League of Nations, and our capacity to join in its activities, were impaired by our dispute with England, and by the economic sanctions that England was still enforcing against us. A desire to fulfil our international obligations should not, he added, have made us entirely forget our national misfortunes. It was a matter of regret that our special dispute should have been left unsolved, apparently without an attempt at solution. Ottawa was the first lost opportunity; the latest was Geneva. These comments, if clever politically—which may be doubted—are entirely superficial, and hardly fair to Mr. de Valera, who has, on this occasion, acted a straightforward part. Geneva was not the place nor the opportunity to parade before the world what is essentially a domestic quarrel, nor could our dispute with England have been successfully used as a bargaining counter in a matter where both honour and justice had already committed us beyond controversy. A more relevant criticism, applicable to both parties, is that some method ought to have been long since found to end this senseless Anglo-Irish dispute.

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Mr. Frank MacDermot, T.D., the former leader of the Centre party, vice-president of the United Ireland party and its deputy leader in the Dail, after being over-ruled in private, publicly dissociated himself from Mr. Cosgrave's attitude, stating that he objected to the suggestion that we had a bargaining position and were free to choose between honouring our engagements and dishonouring them. The line of argument adopted by Mr. Cosgrave seemed to him to offend against common sense and consistency, and to make nonsense of everything their party stood for. He protested against it, undeterred by the accusation of being doctrinaire and cosmopolitan. As a result of these differences of opinion, he resigned from the United Ireland party on October 9, and his resignation was regretfully accepted by the National Executive. In his letter of resignation he stated that it was not with a light heart he left an organisation which, at some sacrifice and amid much discouragement, he had helped to build up. There was, he added, no change in his devotion to the cause of a United Ireland, fully and freely a partner in the British Commonwealth, and he would be glad to co-operate in everything that could contribute to the attainment of that ideal. Everyone who appreciates the necessity for courage and honesty in Irish politics will approve of Mr. MacDermot's action. He is one of our few constructive political thinkers, and, as a free-lance in the Dail, he will probably be both happier and more useful; but his gain will be the United Ireland party's loss.

Speaking subsequently at Navan, on October 11, Mr. Cosgrave tried to mend matters by saying that his party were prepared to support an Irish Government that was carrying out obligations entered into by the people of the Free State. In foreign affairs continuity of policy was desirable, indeed essential, and they did not shrink from an effort to fulfil our obligations, properly contracted under the Covenant of the League of Nations. He claimed, nevertheless, that it would not have been irrelevant to have dealt with

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the Anglo-Irish dispute at Geneva. Mr. MacDermot's objection, however, was to the entirely different suggestion that Mr. de Valera should have sought to make his support of the Covenant a bargaining counter to secure a settlement with Great Britain.

The Irish Labour party has, of course, supported Mr. de Valera. Before he went to Geneva, it urged him publicly to "give a lead to the League in offering uncompromising resistance to any pretensions of a foreign Power to impose its will on another small nation engaged in a similar struggle for liberty". On the whole, indeed, Irish public opinion may be said to be quite solidly behind him in the attitude he has taken up. The *Irish Times*, which is the mouthpiece of the most conservative view, and generally his strongest critic, expressed the opinion that his speech was by far the best and most sincere made at Geneva for many a long day, and added that his remarks deserved to be broadcast throughout the civilised world.

It would, however, be idle to deny that most Irish people derive a certain amount of quiet amusement from the spectacle of their former ruler, John Bull, lecturing the world on the principles of international morality, even though they recognise that he is now sincere. "Johnny, I hardly knew you" is the devastating comment of *Dublin Opinion*, the *Irish Punch*. One regrets that Tim Healy is not still alive; for he would most certainly have given the House of Commons the views of a Mohmand on the international situation. Mr. de Valera's paper, the *Irish Press*, complains that Sir Samuel Hoare's statement at Geneva, that "we believe small nations are entitled to a life of their own", must sound ironic to Irish ears, and that, in spite of such fair words, deeds are still needed to prove Great Britain's good faith. Another attitude is revealed in the letter alleged to have been received at army headquarters in Dublin from one of the new recruits to the recently created Volunteer Reserve Force, which, after enquiring as to the possibility of warlike operations,

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explained that the writer did not join the army in order to fight!

It was, perhaps, to people of this type that Mr. de Valera addressed himself in a broadcast from Dublin on October 4, after war had begun in Abyssinia. The Irish Government's attitude would be determined by its desire to see the League of Nations preserved as an effective guarantee of peace. Beyond their obligations under the Covenant, there were no commitments of any kind. At Geneva they had consistently held that the obligations of the Covenant should be enforced. The task of the League, he said, was to secure peace. Recourse to military measures, therefore, could be contemplated only in the very last resort, when all other measures had failed, and even then no recommendation made by the Council in regard to military measures could impose any legal obligation upon any member of the League to participate in them. In our case, by the Constitution, this country could not be committed to active participation in any war save with the consent of the Oireachtas.*

Speaking at Ennis on October 6, Mr. de Valera replied to the critics of his action at Geneva. This speech was heralded in advance by his optimistic supporters as a "most important pronouncement", and, although this was officially denied, it was pathetic to find that this statement, which was entirely inaccurate, was generally interpreted throughout the country as meaning that he was about to announce a settlement of the Anglo-Irish dispute. The wish was, of course, father to the thought. But no intelligent student of Mr. de Valera's political form cherished any such illusion. In fact, the speech, apart from his reply to his critics, was a mere re-hash of former utterances, and of no real political importance. There could not, he emphatically declared, be any bargaining about a matter of duty. With or without Great Britain, the Free State must support the Covenant. He personally believed that the

* Parliament.

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Free State's continued membership of the League was justified—not, indeed, because all its claims had been satisfied, but rather because membership gave all small nations a certain guarantee that such freedom as they enjoyed would not be wrested from them in the future. Incidentally, it may, perhaps, be pointed out that our membership of the British Commonwealth is a much more powerful guarantee of our freedom, although Mr. de Valera may find it hard to admit this.

He assured his hearers, however, that the Government had no intention of depending on the League alone. It would organise the national resources in such a way as to make certain that, in the event of aggression from outside, the best possible defence would be made. Who the aggressor is likely to be is not very clear. To those who criticised him for his failure to negotiate a settlement of the Anglo-Irish dispute, he replied, in effect, that he had nothing to offer the British, except gratitude. Could anyone, he asked, expect him to promise that if the British Government raised the penal tariffs the people of the Free State would cease to agitate against partition, or, that if it renounced its claim to the land annuities we would willingly allow it to retain its military control of certain Irish ports? He was, he said, ready to undertake that the Irish ports would not be used against Great Britain in time of war; he was also ready to admit that the two countries had certain interests in common, and he was prepared to consider how they could co-operate in regard to those interests.

This type of argument is, of course, quite futile, and leads nowhere. It is merely a re-statement of the demand for "external association"—in reality, complete independence—contained in the famous Document No. 2 which he submitted as a basis for settlement during the treaty negotiations of 1921, and his insistence on which led to the civil war. It is impossible to understand Mr. de Valera's actions, unless one realises that he is still seeking,

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regardless of entirely changed circumstances, to justify his conduct at that time. He told the people at Ennis that he went to Geneva as the representative, not of the Free State, but of the Irish nation. He talks with ostrich-like fatuity as if Northern Ireland did not exist, whereas in fact its existence is the real crux of the whole Irish problem. He will not, or cannot, realise that the present embittered situation is largely of his own making. He has learnt nothing and forgotten nothing, and seems incapable of applying in Dublin the principles he upholds at Geneva. Admiring, as we must, his obvious patriotism and sincerity, we can only reflect sadly that these virtues, by themselves, do not make a statesman; vision, common sense, and *savoir-faire* are also necessary.

III. DOMESTIC DEVELOPMENTS

WHILE our interest in external affairs has been greatly stimulated by the League crisis, our internal difficulties, unfortunately, remain unsolved. Our politicians have been enjoying, at home or abroad, a well-earned rest, which some people think might be indefinitely prolonged. The agitation against the payment of land annuities seems to be dying down, but the amount of the uncollected arrears has not materially decreased. Apart from a few minor and isolated outrages, no acts of violence have taken place during the last few months.

The only important speech during the recess was made by Mr. Sean Lemass, Minister for Industry and Commerce, who, speaking in Dublin on September 12, announced that the Constitution would soon be further revised. A republican constitution would, he said, result from the legislation to be shortly introduced. They had now reached a stage at which the complete achievement of their national objective was in sight. The disintegration of the Opposition was, he claimed, one of the most remarkable of political happenings. The fascist organisation had broken

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up, and the campaign against the payment of the land annuities had broken down. Economically, they were still facing certain difficulties, such as other countries also had to contend with, but they were making more progress in their solution than other countries could claim. The consequences of the economic war were now less noticeable, owing to the reorganisation of their resources, which made hostile economic action by any outside country less damaging to their economic life. What changes are to be made in the Constitution Mr. Lemass did not specify, but the abolition of the position of Governor-General is probably contemplated. In fact, His Excellency, Mr. Donal Buckley, the present almost unknown occupant of that position, has recently stated that the Governor-General no longer exists.

It is understood that the Government intend to reintroduce the Wearing of Uniforms (Restriction) Bill * as soon as the Dail meets. This Bill, which is aimed at the Blueshirt organisation (now called the League of Youth), was rejected by the Senate. If it is now sent back to the Senate, it will, under the Constitution, become law within sixty days, as a period of eighteen months has elapsed since its rejection. The refusal of the Senate to pass this Bill is believed to have been Mr. de Valera's reason for deciding to abolish that House. The Bill for abolishing the Senate itself will be ripe for reintroduction at the end of the year, and so far there is no indication that the Government intend to replace that body with anything else. The alterations in the Constitution indicated by Mr. Lemass may, however, throw some light on the subject. It may be doubted whether the Government are wise in passing the Uniforms Bill into law, as the attempt to suppress the wearing of blue shirts is quite likely to increase the popularity and numbers of the League of Youth, which, at the moment, are not very great. The League held its annual congress during August, and overhauled its constitution. This has been made more

* See THE ROUND TABLE, No. 95, June 1934, pp. 588-590.

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democratic, and the dictatorial powers formerly held by the director-general have been abolished. The League is a wing of the United Ireland party, and under its control. The United Ireland party itself is much incensed by the Government's decision to prevent it from continuing to hold a sweepstake in aid of the party funds, the prizes in which were tickets on the Irish National Sweepstake. This sweepstake was, of course, illegal, and the Government might be more justly criticised for allowing it to take place in the past.

The extreme tariff policy of the present Government has given so many hostages to fortune in the shape of new industries that the recently revised programme of the United Ireland party includes a promise to continue tariffs imposed to protect new industries, if the party is returned to power. Mr. Cosgrave has recently pointed out that, while the actual increase in taxation in this year's budget is £6,000,000 over that of 1931-32, the hidden taxation arising from the increase in the cost of essential commodities, like flour and sugar, amounts to £4,000,000. This increase of £10,000,000 comes to £3 6s. 8d per head of the population per annum. But as his party propose to maintain the existing tariffs, to continue the wheat and beet schemes, to maintain the unemployment assistance scheme, and to grant complete derating to agricultural land, it is difficult to see what relief their return to power would give the unfortunate consumer, who is not a manufacturer, and has to support a family. Factories recently opened include a dead meat factory at Roscrea, County Tipperary, and a tannery in County Waterford. To protect the latter concern, a tariff of 37½ per cent. has been imposed on all imported leather. To protect the new thread factory at Westport, a duty of 40 per cent. has been imposed on thread.

Mr. Lemass continues to protest that he is not oblivious of the necessities of agriculture, and some of the manufacturers are already becoming painfully aware of the fact that, without a prosperous agricultural community to

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absorb their products, tariffs are of small avail. The cancellation of the bounty granted to woollen manufacturers on exports to Great Britain—which the Government can no longer afford to pay—will, for instance, soon kill the export trade in tweeds to England. Recent legislation provides for the restriction of the import and export of butter and milk products, the registration of milk vendors, the payment of bounties and the fixing of butter prices. Other Acts provide for the regulation of the dairying industry and of bacon production. And so we go on in an ever-widening vicious circle of regulations, tariffs, bounties and controls, all providing more jobs for clerks and inspectors, increasing the cost of living, and destroying freedom of trade.

The Slaughter of Cattle and Sheep Act, recently passed, which has violently incensed the butchers, is an interesting example of this process. This Act enables the Minister for Agriculture to compel any butcher, who he suspects is not paying the minimum price fixed for cattle, to buy all his cattle through a government inspector. During the debates on the Act the Minister frankly admitted that the original Act,* fixing a minimum price to be paid to the farmers, had failed in its purpose. All this only proves that we cannot maintain an artificial price by regulation. As long as there are surplus cattle available for the home market, which have no other outlet, all the regulations and penalties the Minister can devise and inflict will not secure the general payment by butchers of a price higher than the average selling value of cattle to any purchaser. Further, although free beef has ceased, the butchers, or, rather, the farmers, are to be compelled to pay the levy imposed last year for the purpose of financing the scheme. Both the butchers and the farmers threaten passive resistance to this measure. In the meantime the Minister has abandoned the official minimum price of 25s. a cwt, as he was unable to enforce its payment.

* See THE ROUND TABLE, No. 97, December 19 4, p. 164.

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In spite of the tariffs and the new factories, the number of registered unemployed in the Free State increased from 33,000 in 1926 to 104,000 on October 6 last. The Department of Industry and Commerce have recently published a memorandum on the subject, which maintains that these figures are not strictly comparable, because the present Government instituted a new system of classification, and because the possibility of work in the new industries has induced many people to register in the hope of obtaining employment. These factors, and others, complicate the situation to such a degree that it is difficult to draw any definite conclusions. The memorandum claims that the available evidence proves that aggregate employment in 1934 was considerably greater than in 1926, 1931, or 1933. But is it keeping pace with unemployment? Both seem to have grown, but their true relation is not clear. As our population is increasing at the rate of about 20,000 a year, an increase in the number of people at work does not necessarily mean that the number of unemployed has declined.

The effect of the coal-cattle agreement* is shown in the increase of the export and import trade in these two essential commodities. The British trade returns for September prove that the value of cattle imported from the Free State during that month increased by £174,942 as compared with September 1934—a striking confutation, if such were necessary, of the declaration by Mr. de Valera and his colleagues that the British market is gone, and gone for ever. Bacon and butter exports to Great Britain have also increased. It may be added that it is calculated that some 60,000 cattle have also been smuggled into Northern Ireland since the beginning of the year, and these, no doubt, should be included in our invisible exports! Nevertheless, any satisfaction the Irish agricultural exporter may derive from these figures must be tempered by the knowledge that but for the economic dispute he would receive,

* See THE ROUND TABLE, No. 98, March 1935, p. 369.

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approximately, 40 per cent. more for his produce, and that any increase in our agricultural exports to Great Britain contributes to the payment of the withheld land annuities.

The Irish Free State,
November 1935.

GREAT BRITAIN

I. THE GENERAL ELECTION

THE date of the general election, November 14, nicely prevents any treatment of its results in this issue of THE ROUND TABLE. As we go to press it appears that the Government will have a majority of about 250—far more than was generally expected. What particular issues moved the electorate to record this striking result it is not easy to tell. The first question on which they had to be satisfied was, why an election now. Why, asked the Opposition parties, wilfully plunge the country into political turmoil at the height of an international crisis? Mr. Baldwin gave his answer in the House of Commons on October 23. There must by law be an election during the next twelve months. The financial business of the House, the holidays, the Christmas trade, all ruled out certain periods, leaving only the immediate future or early in the new year. He had perceived, he said, that as far as could be seen ahead—"and you can see ahead with greater certainty for three weeks than for three months"—there was coming a lull in foreign affairs, and that it would be perfectly safe to have an election in that time. "What an amazing statement!" commented Mr. Lloyd George. An economic war had been declared on Italy; they had been organising a strangle-hold on Italy—and that was called a lull. The Government, he inferred, must have some hidden understanding with Signor Mussolini—an accusation that was vigorously denied. Other Opposition leaders have charged the Government with using the international crisis to frighten the electors into returning them with a mandate for massive rearmament. But the Prime Minister's reasons

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carried weight; for the prospect of an election in January might well have weakened our national influence abroad far more seriously than an election which would be over by the time the major economic sanctions were put into force by the League.

Be that as it may, the first great issue of the election has been foreign policy. Yet this is highly paradoxical; for on the main lines of foreign policy all three leading parties are in agreement. Their differences, where they exist, lie in emphasis, in details, in inferences from the main theme. All stand by the League; all interpret League obligations as including sanctions against an aggressor, to-day against Italy; all are reluctant, though in varying measure, to commit themselves to the principle of military sanctions, either in this case or in general. This unanimity, the most remarkable fact in British foreign policy to-day, has not been so complete for very long. Not many months ago, pacifism seemed to be dominant in Labour counsels; the trade unions leaned towards "working-class sanctions" against war as an institution, rather than international sanctions against the aggressor. In view, therefore, of the critical world situation, keen attention was fixed upon the conferences of the Trade Union Congress and the Labour party in September and October. In both, the vote in favour of League sanctions was overwhelming, and it clearly represented the conviction of a great majority in the Labour movement. But the decision was not reached without contentious debate, in which two of the party's leading personalities—Mr. George Lansbury and Sir Stafford Cripps—went with the minority. Mr. Lansbury, leader of the party in the House of Commons, expressed his pacifist convictions with deep fervour. Clearly out-voted, he was bluntly told by Mr. Bevin that he should resign the leadership, and after a little while he did so, making way for the industrious and reliable Mr. Attlee. Mr. Lansbury is the best loved figure in the Labour party, but it was plainly too much of a

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handicap for the party, especially at a general election, to be nominally led by one who disagreed with its own policy. Lord Ponsonby, the party leader in the Lords, is also of the pacifist persuasion, and he too resigned, to be replaced by Lord Snell.

Sir Stafford Cripps was in a very different position. He could appeal to no mature moral conviction in support of his view that Labour should keep its hands clean from an "imperialist ramp". Indeed he had to explain how he had changed his mind since he abused the Government for not applying sanctions in the Sino-Japanese dispute, or since only a few months ago he said :

You must rely on collective security if there is ever to be a chance of avoiding a fresh cataclysm in Europe.

The swiftness of his change in allegiance gave a tart pertinence to Mr. Jack Williams' remark at the party conference. "I think it will be agreed," he said, "that Sir Stafford Cripps is the most colourful figure the workers in this country have produced since Sir Oswald Mosley." These two, indeed, are on the same side in the home-front battle over League sanctions. The Blackshirts are possibly somewhat embarrassed at finding themselves ranked with pacifists in opposition to a decisive national purpose; their attitude is neatly summed up in a slogan seen on one of their advertising vans : "Line up with Litvinoff? Not Much !"

The Government themselves have had to face opposition to sanctions from among their own supporters. There are those, like Sir Arnold Wilson, who think that less than justice has been done to Italy's case, and more than justice has been done to Abyssinia's. Others, like Mr. Amery, detect in what is happening a danger that Great Britain will become the single-handed policeman of the world, and, though not actively opposing economic sanctions, they "would not send a single Birmingham lad to his death for Abyssinia." Mr. Amery now confesses himself reassured

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that the Government have no intention of applying military sanctions. Some commentators have detected a difference in tone between Sir Samuel Hoare's speech in the last debate of the dying Parliament and Mr. Eden's, on the question whether we would be prepared—in concert with other members of the League—to press the authority of the Covenant in the last resort by military measures. All party manifestos and most leading speakers have avoided raising that question directly. By far the most outspoken has been Mr. Lloyd George's Council of Action.* The Council, though not a party—the idea of running candidates of its own was soon jettisoned—hoped to prove a powerful force in the election through its ability to sway votes in favour of candidates who came closest to its own views. Mr. Lloyd George himself, of course, made no secret of his opinion that this would usually mean voting against Government candidates. Dr. Scott Lidgett, the vice-chairman of the Council, declared on the contrary that “as between a candidate loyal to the policy outlined by the Prime Minister and a Socialist candidate, I must unhesitatingly support the former.” Only a handful of Government supporters appeared in the Council's list of approved candidates, the remainder being Socialists and Opposition Liberals, with a few Independents.

The Council's statement of policy declares, in the course of its treatment of foreign affairs, that

the British Government should propose that the communications of Italy with East Africa be severed by the League until hostilities cease and the Peace Conference can assemble, and should declare its willingness to take effective action to this end provided it obtains adequate co-operation from other League members in so doing.

In other words, subject to that proviso the Government should blockade the Suez Canal and if necessary fight Italy in order to do so. That this should be the policy of those whose appeal is made largely to “the nonconformist

* See THE ROUND TABLE, No. 100, September 1935, p. 799.

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conscience" is strange, but illuminating; it should certainly perplex the cynics overseas who declare that Great Britain's attitude at Geneva is based fundamentally on no moral sentiment but only on imperial self-interest.

The degree of vigour with which the sanctions policy was pressed varied rather from candidate to candidate than from party to party—leaving aside the minority groups like the I.L.P., which takes a stand against war in any form, and against "preparations for war". (The I.L.P. is now altogether divorced from the Labour party.) What, then, was the issue, in the field of foreign policy, that was placed before the electorate? First, the Labour party charged the Government with "eleventh hour repentance" of its former neglect of the League of Nations. If the Government were returned, they said, it would use its new political security to revert to imperialism and power politics. The Government, in reply, not merely professed their own sincerity; they carried the fight into the enemy's camp by pointing to Labour disunity, and they claimed, moreover, with great force that to return an insecure Government was the surest way to weaken our resolution and our influence abroad.

The second great point of divergence has been over armaments. To the Labour party, the election was an "armaments ramp", a device to smuggle in a "Big Navy" programme under the disguise of support for the League of Nations. "Labour," ran the party manifesto, "will efficiently maintain such defence forces as are necessary and consistent with our membership of the League," but it will

propose to other nations the complete abolition of all national air forces, the effective international control of civil aviation and the creation of an international air police force; large reductions by international agreement of naval and military forces, and the abolition of the private manufacture of, and trade in, arms.

The Government's manifesto started from the same general text. "The Covenant itself requires that national armaments should be measured both by the needs of national

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defence and by the duty of fulfilling international obligations."

The fact is (continued the manifesto) that the actual condition of our defence forces is not satisfactory. We have made it clear that we must in the course of the next few years do what is necessary to repair the gaps in our defences, which have accumulated over the past decade, and we shall in due course present to Parliament our proposals, which will include provisions to ensure that the programme is carried out without either waste or unreasonable profit to contractors.

At the same time, efforts will not be relaxed to attain, by international agreement, a general limitation of armaments.

Speeches by Ministers show clearly that the Government realise the popular fear of too costly or provocative an armament programme. Mr. Neville Chamberlain has assured the electors that as Chancellor of the Exchequer he will consent to no expenditure that is not absolutely necessary. "There has not been, there is not, and there will be no question of huge armaments or materially increased forces," said Mr. Baldwin at Wolverhampton. "I give you my word," he declared to the International Peace Society, "that there will be no great armaments." Sir Herbert Samuel remained suspicious, because, he said, he knew

that within the Conservative party there are powerful and numerous elements, altogether sceptical about the League of Nations, collective security, and disarmament, who call themselves realists and see in the might of the strong right arm of Britain our only security and sensible policy.

He objected to the request for a "free hand" in rearmament. Labour spokesmen have called it a "blank cheque", and Lord Snowden "dared not think" what the expenditure on fighting services would be when the cheque had been filled in.

Lord Snowden's position has been one of the most interesting things in this election. He stood, it will be remembered, with the National Government in 1931, and it was generally believed that his advocacy was very

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powerful in securing their return. He crossed into opposition over the tariff issue, and quarrelled with them equally violently over the repeal of his land tax legislation. A great deal of surprise, and in some quarters resentment, was caused when he was chosen by the Liberals to give one of their three allotted election broadcasts—their other two spokesmen being Sir Herbert Samuel and Mr. Lloyd George. The Conservatives, who were grumbling at being given only five broadcasts to Labour's four, objected that with Lord Snowden the Labour party would have the same number as themselves. The Government Chief Whip went so far as to write to the Liberal headquarters: "I must enter an emphatic protest against what I consider a breach of the agreements (over political broadcasting) and ask you to take the necessary steps to nominate an Opposition Liberal in place of Lord Snowden." The Liberals replied that they chose whom they pleased to broadcast on their behalf. Lord Snowden, who has a peculiarly effective radio manner, advised electors to vote if they could for a Liberal who was standing on a Council of Action programme; otherwise the progressive elector "might vote for the Labour nominee without fear that he would be precipitating a social revolution". Socialism, declared Lord Snowden, was not an issue at this election. He is a brave man to use these words, for it was he who assured the public in 1931 that at that election tariffs were not an issue.

The elector might well ask, what is socialism? Labour, we were told, would pursue its policy of socialist reconstruction.

Labour has already put before the country, boldly and clearly, schemes of public ownership for the efficient conduct in the national interest of banking, coal and its products, transport, electricity, iron and steel, and cotton. It has also declared for the public ownership of land.

But nobody supposed that even if Labour had been given a majority its nationalisation programme could have been rapidly carried out, or could be reckoned as an immediate

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policy for dealing with the still urgent problem of unemployment and the special areas. The Labour party promised to "seek above all to reabsorb idle workers into productive employment by far-reaching schemes of national development". It is determined, of course, to abolish the "means test" for the receipt of unemployment assistance, and this has doubtless been a popular plank in its platform in industrial districts where unemployment is above the average. But as a national issue the means test appeared to shrink in importance beside the question of public works, in the broad sense, as a remedy for unemployment. The Liberals stood for "a vigorous, sustained policy of national development". The Council of Action called for a National Prosperity Loan of undefined amount to finance a national housing policy, the co-ordination of housing policy with regional development, a big road programme, improvement and expansion of the nation's electrical services, and a great many other forms of national capital expenditure. The Government, too, are to try the same recipe, though in less gluttonous amounts. They pointed with pride, in their election statement, to the scheme of government-aided improvement to London transport,* which is already afoot. It has been announced that £30,000,000 will be raised in a similar manner for improvements on the main line railways. The Chancellor of the Exchequer has promised a five-year programme of road improvement costing £100,000,000—though how far this will be additional to the present vast expenditure on roads is not quite clear. Anyway, it is plain that we are now to have a considerable programme of public works, in spite of the defeat of the Opposition with its more grandiose schemes.

There are other items of economic and social policy that were common to both Government and Opposition programmes. One was the raising of the school-leaving age, which has long been a plank in the Labour and Liberal

* See THE ROUND TABLE, No. 100, September 1935, p. 798.

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platforms. The Government clearly attach great importance to their educational policy, for they issued a special memorandum on it with their election manifesto. Its main features are—

1. Raising the school-leaving age from 14 to 15, with exemptions between those ages (a) for beneficial employment, (b) in exceptional cases for home duties.

2. Empowering local educational authorities to give building grants for a limited period to voluntary schools in connection with (a) raising the school age, (b) reorganisation.

3. Abolition of the restrictions on the proportion of children who may be admitted to secondary schools either free or at reduced fees.

4. Increase in the number of State scholarships tenable at universities, and more assistance to the holders of these and other State awards.

5. Placing the provision of technical education on a thoroughly sound and up-to-date basis.

6. Development of adult education.

7. Improving and maintaining the health and physique of young people during and after school-days through the provision of nursery schools, the development of the school medical service, and a comprehensive system of physical training.

On this issue the Opposition parties could only promise to go further in the same direction.

Another line of policy in which the direction, though not the distance, of each party's policy is the same is government intervention in the coal-mining industry. Another section of this article * deals with the national crisis that threatens over coal-miners' wages. Labour's solution is nationalisation of the whole industry; the Government favour state intervention to the extent of enforcing improved selling arrangements—"without which there is not the money in the industry to provide a higher rate of wages"—and the unification of royalties. "If the owners will not put their house in order the Government will have to take appropriate action itself," declared Mr. Ramsay MacDonald at a National Labour rally, adding that

* See below, p. 153.

TROUBLE IN THE COALFIELDS

"one of the biggest needs of this nation to-day is that the miners' wages should be raised."

And so the ding-dong battle has gone on, without any clear question that the elector could answer, yea or nay. "We have put a million men into work," said the Government. "There are still two million unemployed," said the Opposition. "We raised the credit of the country and strengthened its balance of trade." "Food prices have gone up; the export industries are in decay." "The Government stands by the League." "The Government failed the League before." And on November 14, out of this hurly-burly, the electors of Great Britain and Northern Ireland went to the polls to choose a new Parliament, which before its term is ended will have to face many issues that they never thought of, both at home and abroad.

II. TROUBLE IN THE COALFIELDS

THERE is trouble in the coalfields again. A national strike ballot has been taken on the demand for an increase of wages and although, at the moment of writing, the result is not known, it seems probable that authority for extreme action will be given. The miners do not want a strike, but their history affords only too many instances of the difficulty of keeping a mass movement in check. Once the rank and file have been stirred up to vote for a strike on a specific issue it takes unusually wise and courageous leadership to win acceptance of a compromise that will stave off a stoppage.

The present dispute is far less simple than that of 1925-26. Then the miners were resisting the employers' demands for lower costs, to be secured through longer hours, lower wages and district flexibility. The miners rejected all compromise and in the resultant struggle they went down. During the intervening nine years the hours issue has been settled by the acceptance of the 7½-hour day (under the Labour Government's Act of 1930); any further

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shortening of hours, it is conceded, must now depend on international agreement. But the miners are no nearer than they were at the end of 1926 to the restoration of national conciliation machinery for the regulation of wages. The owners defeated the Labour Government's attempt to provide it through a National Industrial Board, and although the National Government has declared its wish to see "the establishment of machinery for the discussion and negotiation of wages on a national basis" it is not prepared to apply coercion to that end.

In the first six months of this year the miners' efforts were directed towards the restoration of national machinery and, equally fruitlessly, towards gaining wage advances in the districts. In July their delegate conference decided on a campaign for a general flat rate increase of 2s. a day for adults and 1s. 3d a day for boys. They enlisted the moral support of the Trades Union Congress and the Labour party, and they have won a great deal of public support in all quarters. On October 18 it was decided to take a ballot (on November 12 and 13) to give the Executive authority, if need be, to press the claim to the extent of calling a strike. A national strike, as the owners have pointed out, would mean the breaking of all the district agreements, and would lead to legal complications. It is not, therefore, a step to be taken lightly.

The miners' leaders, indeed, have not put the strike issue in the front. They have presented a reasoned case which, whatever its faults of emphasis, is hardly unreasonable. Earnings are admittedly low—the average last year was less than 44s. a week, and thousands received no more than 30s. Output per head is steadily increasing owing to mechanisation, and production costs are falling. Conceding all the facts of the permanently lost export trade and the greatly diminished home demand, the miners argue that even within their depressed industry there is room for better wages. As Mr. Edwards, the Federation secretary, has put it,

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Of every four tons of coal produced in Britain, three are consumed within its shores. Therefore, three-quarters of the coal problem is a home problem and is completely within the mine-owners' control.

The solution is seen to lie in the reorganisation of sales methods.

If there had been a unified system to prevent competition among the colliery owners themselves, a much higher level of prices could have been obtained without in any way injuring the consumer of coal.

The miners' campaign has been interpreted by its leaders as designed to arouse public opinion into compelling the owners to reorganise their selling system by the national co-ordination of district sales organisations and by the regulation of export sales; as a corollary, the miners would add national machinery for the regulation of labour conditions.

Although they approach the issue from the angle of wages the miners are putting a case that is conceded by the most progressive minds in the industry. The Coal Mines Act of 1930 has saved the industry from collapse during the depression, but its machinery has proved inadequate, full of loopholes for evasion, and extremely difficult of amendment. Even the threat of government intervention—carried to the point of the introduction of a Bill in the Commons—has had little effect in overcoming the inertia of the main body of owners; almost nothing has been done in the twenty months since the owners gave their pledges to correlate the district minimum prices. Some districts have displayed energy, notably the Lancashire owners, whose central selling scheme came into force in July, but in most other districts initiative has been lacking.

The miners' campaign has already had the good result of hastening reform. After the miners' conference on October 18 the Secretary for Mines put strong pressure on the owners, and extracted from them an undertaking that

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before July 1 next year selling organisations would be set up in all districts, with central co-ordination. He admitted that "only by a reorganisation of the selling side could reasonable prices be obtained by the sale of coal and the industry put on a proper financial basis, thus allowing better wages to be paid." Although this went a long way towards meeting the miners' case, it has not satisfied them. They contend that the benefits of selling reorganisation, as the Government proposes it, are too much in the future, that the first effect would be to increase profits and not wages, and that there must be "an immediate improvement in wages". They further offer to submit their case to an independent tribunal and to abide by its judgment. During the election Mr. Baldwin asked the miners to call off their ballot, but they refused.*

Clearly the stage is being set for the re-emergence of the coal problem in the new Parliament. The miners are in a fairly strong position. They should be able to extract some definite concession on wages within the next few months—the Lancashire owners have already offered one; and, with the aid of a strengthened Opposition in the House and a revival of public interest, they should be able to apply further pressure for reorganisation. The test will be leadership. The rank and file is in better heart than at any time since 1926; union membership is increasing in spite of the heavy unemployment; and the strange episode of the "stay below" strikes in South Wales in October (although on a local quarrel over non-unionism) was an index of the men's temper. If the miners are able by their threats to force reorganisation on a reluctant industry they will have achieved a great deal. But there is always the risk that the weapon they use may recoil, to the injury of the public and themselves.

* The Government's election policy towards the coal industry has been described above, p. 152.

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I. THE SOCIAL CREDIT MOVEMENT IN ALBERTA

THE elections of August 22 in the province of Alberta aroused a lively interest throughout Canada. In other provinces during the past two years, the people have voted firmly in reaction against the depression. Conservative Governments have been defeated and have been replaced by Liberal Governments. It has remained for agrarian Alberta to give decisive approval to a new party professing with religious fervour a philosophy of Social Credit inspired by Major Douglas. The results of this popular effort to grapple with the demon of depression and to inaugurate a "New Deal" within the limits of a single province have yet to be revealed.

Social Credit returned 56 of the 63 members of the provincial legislature. Five Liberals and two Conservatives, of whom six were elected in the cities of Calgary and Edmonton, won the other seats. With a single exception, the rural constituencies elected Social Credit candidates. The United Farmers of Alberta, who rose to power fourteen years ago in an earlier manifestation of populist emotion, elected not a single candidate, although they still commanded 30,000 votes. Labour and the other minority parties elected no representatives. Of the parties in the former House, only the Liberals received wider popular support than in the 1930 election. The poll was large beyond all precedent. In a province with a population of three-quarters of a million, 300,000 votes were cast, as against 196,000 in the election of 1930. Social Credit polled more than 160,000 votes.

The sweeping and unexpected victory of a newly

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organised party has focussed national attention on Alberta. Who is Mr. Aberhart? Why did the people of Alberta give him such decisive support? What is his Social Credit plan? What are its social implications? Is the plan legally applicable within the limits of the British North America Act? Such questions as these were asked throughout Canada after August 22.

Mr. Aberhart is a Calgary schoolmaster, 57 years old, born in western Ontario of German stock, and thirty years resident in the West. For a long time he had been known in Calgary as an advocate of prohibition and in recent years as the leading spirit of the Prophetic Bible Institute, whose congregation extended to the range of a local radio station. Three years ago, Mr. Aberhart came by chance upon the books of Major Douglas. Presently, the gospel of Social Credit as interpreted by Mr. Aberhart was merged with the fundamentalist evangel of the Institute. Converts to his specific policy were not numerous beyond southern Alberta until the winter of 1934, when the Social Credit movement spread northward by way of drought areas in the eastern part of the province. In the spring, the entire province was aware of Mr. Aberhart. Crowded meetings began with "O God, our help in ages past." They dispersed leaving the popular impression that the evils of defective purchasing power might be ended by a monthly grant of \$25 to every man and woman in the province. The movement soon assumed a political significance. It was announced that Social Credit candidates would be run in every constituency in the forthcoming election. Study groups multiplied. During the summer, the fortunes of the new party were variously reported. Some competent observers said that the movement was already on the wane. Others, nearer the rural constituencies, noted the complete disappearance of enthusiasm for the old-line parties, including the United Farmers of Alberta. In Mr. Aberhart's words, Social Credit had swept Alberta like a prairie fire. Under him, the people, in a radio-wide fraternity, had appealed

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to God against all their alleged oppressors. Some, no doubt, were genuine converts to Social Credit theory. Some, perhaps, hailed the second coming of ready cash. Others said: "We do not think he can do it, but he says he can and we'll let him try."

It would be hazardous to conclude, from the large Alberta vote for Social Credit, that the province to that extent shares the expressed convictions of Mr. Aberhart, or expects that he will be able to implement his promises, at least in the form in which he has made them. While many people implicitly accept Mr. Aberhart's repeated assurances, and expect to receive their basic dividend at an early date, many others—probably far more—have no such confidence, and do not admit that they voted with that expectation. No one, therefore, can at the moment estimate the degree of patience or of irritation with which the electorate will meet any postponement or frustration of the hopes that have been aroused.

What is certain, however, is that the vote may be rightly regarded as a vigorous protest against existing depressed conditions, and against their indefinite continuance, and further as a direct expression of weariness with the old parties—a weariness to which the last session of the expiring provincial Parliament, it is generally agreed, contributed its due share.

A full understanding of the situation would call for a study of all the factors at work, many of which, naturally, are peculiar to Alberta; but no one who is concerned to note the tendencies of modern democracies will fail to see, in Alberta's action, one illustration of the direction that a tired and disillusioned democracy without traditional leadership may suddenly determine to take, under the pressure of unrest and discontent, when palliative measures have successively failed to bring the desired relief. The student of affairs will naturally associate Alberta's action with the tendency, attributed to the newer democracies of the western world, to venture upon political experiments,

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and with their greater faith that social forces are readily amenable to legislative control. The historian may find a close parallel in the populist movement of the 1890's in the United States. Observations of this sort, however, must make way for a note on local influences.

During the last few years, political and economic convictions in Alberta have been in a very fluid state. In 1921 the U.F.A., originally a non-political organisation, entered the political field and swept the country. The programme was one of economy and reform, and its political theory, ardently espoused, was that of functional representation or group government, which, as Alberta is situated, has in effect meant government by one—the agrarian—group. This isolation, once splendid, became embarrassing as later lines of political cleavage appeared. The original impulse for reform lost its vigour and was displaced by a newer movement which preached social and monetary reform and centred its interest in the federal field. This more articulate movement found its chief expression in the Co-operative Commonwealth Federation party. The alliance of the C.C.F. with Labour on the one hand and (less formally) with the Farmers' party on the other, taken with the appeal that its programme made to tender minds everywhere, gave sufficient indication of the probable future lines of political cleavage. The local and provincial conventions of the U.F.A. became, in tone and temper, C.C.F.; so, in the main, did debates on the floor of the House. Officially, however, the Government neither acknowledged the newer movement nor defined its attitude towards it. Only in January 1935, with an election in sight and the Social Credit forces already in motion, was an effort made to hold the rank and file of the U.F.A. to the older order of ideas. In that month the annual convention rejected the advances of Mr. Aberhart, and the reform sentiment that was presently to find its organiser in him was left disunited, without a provincial leader, and without a home.

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In Mr. Aberhart, the man and the hour met. He gave the question of monetary reform an immediacy it had not previously possessed by boldly transferring it from the federal field to the field of provincial politics, and his promise of immediate and decisive action, as much as any definite promise based on Social Credit ideas, rallied to him the massive support he received. In the story of his short and triumphant campaign, it is important to emphasise the fact that Mr. Aberhart already had a large and devoted audience to whom his religious message had come in tones of assurance and of friendship. It was from a familiar platform that he preached the gospel that poverty must not be tolerated in a world of plenty; for the makeshifts of the old parties he promised his alluring alternative. The appeal, as the preacher made it, transformed his political campaign into a religious crusade.

Mr. Aberhart needed no one to teach him that crusaders do not stop to bandy arguments, but must march breast forward. His instructions to his candidates were, in effect, to preach the gospel and to ignore debate. The practical difficulties—and he did not deny they would present themselves—would be faced in due season. The first thing was to elect a Social Credit Government. It is already clear that the battery of argument directed against Social Credit was, in the main, wasted effort. The plain truth is that all others were brilliantly out-maneuvred by a new-comer who declared that he detested politics.

Detailed proposals of the new Government have not yet been made public and thorough analysis is beyond the compass of this article. However, the ideas of the new provincial Prime Minister are conveniently summarised in the *Social Credit Manual*, a pamphlet widely circulated during the campaign. Fundamental in the plan are "the basic dividend" and "the just price". Monthly credits, tentatively fixed at \$25, are to be given to each "*bona fide* citizen of the province". Children are to receive smaller, and disabled adults larger monthly allowances. Transfer of

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the basic credits in payment for commodities and services is to be made by means of "non-negotiable certificates" of indebtedness, which the creditor presents at a branch of "the state credit house". These monthly "dividends" are designed to secure for the inhabitants of the province "the bare necessities of food, clothing and shelter". They are not intended to replace the ordinary incomes of the recipients and are not repayable. Their receipt is conditioned only by the stipulation "that the recipients must co-operate in every way possible". "All basic dividend credits and all salaries or wages or incomes from whatever source" must be expended within a year of their receipt. "Surplus credits" may be used to purchase government bonds.

For the recall of the credits there is to be "a scientific system of recovery through the credit cycle", which "must not be a gigantic scheme of taxation". Mr. Aberhart believes that the issue of the dividends will so increase the volume of business that a "levy" may be collected at each stage in processing and marketing without lowering the net prices paid to the producers of raw materials or raising the prices paid by consumers for the finished product. The middle-men, he believes, will be able to secure a reasonable return from a much smaller margin than the present "enormously excessive price spreads", which are regarded as "unearned increment". The aggregate amount of the dividends is tentatively estimated at \$10 million monthly or \$120 million annually. The current annual revenue of the provincial government on income account is in the neighbourhood of \$15 million. However, if the credit "circulated" once a month Mr. Aberhart estimates that "ten million dollars' worth of credit would handle it all."

From time to time "a commission of our best experts" is to determine the "just price" of each commodity or service consumed in the province. This price is to allow for the "unearned increment levy" and "a fair commission on turnover". "To help make consumption balance and

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control production a compensating price will be declared." The difference between the "just price" and the "compensating price" is to be paid in "credit" to the buyer or the seller. The probable effect, on the direction of industry, of guaranteeing a fair profit or commission is not entirely overlooked: "all producers will be allowed temporary, supervised credit to enable them to serve the citizenship in the best possible way. Direction should be given from time to time as to the products most needed." These "production credits", repayable without interest, "will prevent hoarding for the sake of making high interest".

Goods that may be imported at less than the just price are to be subjected to "an unearned-increment levy". The producer in Alberta who may have to sell at a world price below the just price is to receive a credit bonus which the Government is to recover by a levy on imports into the province. Since "salaries or wages will be paid as now but in credit, not money", the plan implies that the internal business of the province will be conducted entirely with the "non-negotiable" certificates, that Dominion currency will be held only by the provincial government, and that all external trade will be conducted through government channels.

These are some of the salient features of "the wondrously simple plan". They suggest government control of business and personal affairs to an extent hitherto undreamed of in Canada except by avowed communists. It is doubtful if Mr. Aberhart or many of his followers are fully aware of the social implications of the plan. Mr. Aberhart repeatedly says that there will be no confiscation, no repudiation. He proclaims his faith in "controlled individualism". He rejects "communism, fascism, nazi-ism". Yet there are in the *Manual* distinct implications of a levelled and regimented society difficult to distinguish from the -isms that he professes to abhor. The ideas point to a new order: they are anomalous in the present economy of Canada. The contradiction of many of Mr. Aberhart's statements by

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the logic, presumably unconscious, of the *Manual* may explain the cross-purposes of the controversy between him and his critics concerning the meaning of a tax. Mr. Aberhart has denied that the proposed government charge at each stage of processing and marketing, for the purpose of retiring the Social Credit, is a "tax". It is said to be a "levy". By all the rules of the present order, it is a tax. It may be only a "levy" if one assumes that all returns from private property over and above the requirements of subsistence for the citizen "and his loved ones" belong to "the cultural heritage" of the community.

Furthermore, it is not clear that the supporters of Social Credit have adequately considered the possibilities of conflict with the Bank Act and with the Constitution of Canada. Reference to section 138 of the Bank Act prompts grave doubt whether a province has power to issue certificates "designed to circulate as money or as a substitute for money". Further, the question arises whether the application of the "just price" does not involve indirect taxation beyond the powers of a province, and interference with inter-provincial and foreign trade, which is now exclusively a federal matter. To those not of the faith, the "unearned increment levy" on imports looks very much like an import tax clearly beyond provincial powers. Section 121 of the British North America Act reads: "All articles of the growth, produce, or manufacture of every one of the provinces shall from and after the Union be admitted *free* into each of the other provinces." Consideration of the *Manual* from the legal point of view opens to the imagination vistas of litigation.

The advent of the Social Credit Government has been accompanied by few obvious symptoms of apprehension. After the election, holders of Alberta savings certificates withdrew their loans to the government to the extent of about \$1,000,000. Further withdrawal was checked when the retiring U.F.A. Government temporarily suspended payments, a suspension that has been continued by the new

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Government. Alberta bonds sharply declined and partially recovered. It is stated in the press that the flight of capital from the province has, so far at least, been slight.

The new Government was inaugurated early in September. The Ministers are inexperienced (no Minister has previously even sat in the legislature), but among them are said to be competent men. Soon after taking office, Mr. Aberhart went to Ottawa to negotiate a loan from the federal government. He received \$2½ million from the federal treasury to meet the immediate needs of his province. In the East, he met the Prime Minister of Canada, several bankers (some of whom are presumably among "the fifty big-shots" referred to in the *Manual* as the villains of the Canadian melodrama), and crossed to Detroit to call on a kindred American spirit, Father Coughlin. The bankers appear to have walked delicately; they desired more detailed information. Politicians, on the eve of a general election, were aware of a new force in Canadian politics and also moved circumspectly. Assurances are numerous that Alberta's new Government will be given a fair field.

Mr. Aberhart has frequently said that it will take from fifteen to eighteen months to work out the details of the Social Credit plan. It is idle to predict to what results postponement, frustration, or achievement may lead. We shall see what we shall see. Arguments and facts that may have been ignored in the strategy of the election have not necessarily been changed by the enthusiastic vote. As things stand on the morrow of the Alberta election, Mr. Aberhart is in the position of a general who has brilliantly won a position of strategic advantage but whose first battle is still to be fought.

Of the sobering thoughts that follow the Alberta election, none will be more common than the reflection that people do not respond to reason as readily as they do to emotion; it may be well to reflect further that the community may be right in insisting that in the solution of social problems the heart must bear a large, if not the larger, part.

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II. THE GENERAL ELECTION

OCTOBER 14 was indeed a *dies ira* for the Canadian Conservative party and Mr. Bennett's Ministry. The results of a series of federal by-elections and provincial elections had presaged a difficult ordeal for them at a general election, but the gloomiest of the Conservative augurs scarcely guessed that their party's representation in the House of Commons would fall from 137 to 42, its lowest figure since Confederation, nor was any Liberal prophet so optimistic as to predict that Mr. Mackenzie King would have 176 supporters in the new House, as he will have if, as is virtually certain, 4 Independent Liberals and 2 Liberal-Progressives align themselves with the regular Liberals. The Liberal party carried all the 26 seats in the maritime provinces save one, and all except 5 of the 65 seats in Quebec; it made 33 gains in Ontario, a traditional stronghold of Conservatism, to raise its total representation from that province to 55, a figure only once before exceeded; and carried roughly three-quarters of the 38 seats in Manitoba and Saskatchewan. Only in the two westernmost provinces did the Liberals fail to gain ground; for in Alberta they could make no headway against the flowing Social Credit tide and carried only one seat, and in British Columbia they balanced losses with gains to secure 5 seats. It is true that they were greatly favoured by the luck of multi-cornered contests, and polled substantially less than one-half of the total vote recorded, but the new administration under Mr. Mackenzie King is assured of a broad national basis of support.

The Conservatives were badly routed everywhere except in Toronto, Hamilton and certain tributary territory in Ontario, those divisions of Montreal in which the English-speaking element predominates, and the fruit-growing districts of British Columbia; more than one-half of their sadly decimated strength comes from Ontario, while the three maritime and the three prairie provinces have between

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them returned only 5 Conservative members. The Conservatives are disposed to blame the intrusion of the new Reconstruction party, led as it was by a Conservative ex-Minister, Mr. H. H. Stevens, for many of their losses. The Reconstruction party, however, after setting the pace in the early stages of the election, failed to evolve an effective organisation and to hold its original supporters; in consequence, its fortunes—which were not helped by its leader's persistent diatribes against "big business"—steadily waned, and out of the 173 candidates only one was returned—Mr. Stevens himself, who held his old seat in East Kootenay by a minority vote. The Co-operative Commonwealth Federation suffered greatly from the competition of the Reconstructionists and the Social Crediters for the radical vote. The 6 gains that it made in British Columbia and Saskatchewan did not compensate for the loss of its 9 seats in Alberta, which were mopped up by the Social Crediters.

There is a certain comic irony in the fate of the Alberta contingent of the C.C.F.; some of them were the pioneer missionaries of the Social Credit gospel in Canada, but when, being orthodox disciples of Major Douglas, they assailed Mr. Aberhart's plan as fallacious and campaigned against him in the recent provincial election they were sentenced to extinction by the latter's cohorts, and the House of Commons thereby loses a group of very intelligent and useful members. The élan of victory, generated by their amazing triumph in the provincial election last August, helped the Social Credit party to make a very satisfactory début in the federal arena. It carried all the 17 seats in Alberta, save West Calgary, which Mr. Bennett easily held, and West Edmonton, which fell to a Liberal; and it made two gains in Saskatchewan, into which the infection of Social Credit doctrines has been spreading rapidly.

So the net result is that the incoming Liberal Government will have a clear majority of more than 100 in the new House of Commons. The Parliamentary situation will

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not be healthy, as the Government's majority may well prove too unwieldy, and the Opposition, split as it will be into groups of almost irreconcilable views, will be abnormally weak and will contain few figures of the first rank. Out of 17 Conservative Ministers only 6 survived the débâcle. One great loss to Parliament, which is generally deplored, comes from the defeat of the veteran Mr. Henri Bourassa, who ran as an Independent, by an obscure Liberal lawyer; Mr. Bourassa's views had mellowed with advancing years, and he was not only one of the most attractive speakers in Parliament but also its foremost authority on international problems.

One thing has been made plain by the election, namely, that there is not in Canada an adequate political basis for the permanent support of a high protectionist policy. Arrayed against it by their interests are the farmers, the lumbermen, the mining communities, the great majority of other primary producers and the importers, a combination that can command a decisive voting majority at any time. Again, in 1930 Mr. Bennett had solemnly pledged himself to end unemployment or perish in the attempt, and election day found still about a million and a quarter Canadians receiving some form or other of public relief. His wheat policy, which he hoped would win the goodwill of the prairie farmers, failed to overcome their dislike of high tariffs, while it alienated the grain trade. He himself, fighting a difficult rearguard action almost singlehanded, performed prodigies of oratorical valour, but in times like these a well-groomed prosperous-looking millionaire, who has an autocratic habit of speech, is not a good vote-getter.

Furthermore, the delicate international situation in Europe, with its apparent threat of war, proved fatal to Conservative hopes in Quebec, where there still survive bitter recollections of the baneful conscription controversy of 1917. While reputable politicians like Mr. Lapointe did not try to exploit French-Canadian suspicions of the

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imperialist proclivities of the Conservative party, the Tapers and Tadpoles of Liberalism had no such scruples; against subtle and discreditable propaganda, disseminated largely by pamphlets, to the effect that, if the Conservatives won, the blood of young French-Canadians would assuredly stain the waters of the Mediterranean, Mr. Bennett's vigorous assurances that his party's victory would mean nothing of the sort were of no avail. Consequently French-Canada now reveals something like a revival of its old racial solidarity on the Liberal side; for the 75 odd seats, in which the French-Canadian vote, if not a clear majority, is the controlling factor, all returned Liberals save one, a county in Quebec which Sir George Perley held solely through his personal popularity. The fact that the Opposition benches will not contain a single French-Canadian member may have important political consequences in the future.

The "New Deal" programme, launched by Mr. Bennett with such vigorous fervour in a series of broadcasts last January, proved to have little electioneering value; it frightened old-fashioned Tories and infuriated a staunch Conservative paper like the *Montreal Gazette*, which, after steadily turning cold douches of criticism upon Mr. Bennett, wound up its editorial observations on the election by giving oblique counsel to its readers to make sure of a Liberal majority. On the other hand, when the legislation based on the "New Deal" programme had been whittled down to soothe the alarms of business interests and the susceptibilities of dissentient Tories, it was derided by the Labour and radical elements as trivial and inadequate. Now there are more of the latter to-day in Canada than at any time in her history, and normally one would have expected them to rally to one of the three parties with Left-leaning programmes. But the main body of the electors were evidently so determined to compass the doom of the Bennett Government that they were afraid of splitting the anti-government vote, so they

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concentrated behind the Liberal party as the most effective immediate instrument of protest and punishment. Moreover, the fear of a stalemate, which would leave the radical groups with a balance of power, and usher in an era of parliamentary log-rolling and political uncertainty, highly detrimental to business, undoubtedly impelled not a few business men of the Conservative faith to accept the advice of the *Montreal Gazette* and vote for Liberal candidates. It remains to be seen, however, how far the courses of the Liberals will differ from the policies of the Conservatives, which they so vehemently condemned. It might be counted an ominous portent that Mr. E. J. Young of Saskatchewan, the one Liberal member of the last Parliament who was an avowed free-trader, lost his seat, when his party was winning in every direction.

The new Cabinet was sworn in on October 23. It will consist of only sixteen members, instead of the twenty-one of the previous Administration. The reduction, which is in part a measure of economy, and in part a reflection of change in the importance of some departments, has been secured by abolishing the portfolio of solicitor-general, by combining the departments of mines, immigration and colonisation, interior and Indian affairs under one Minister, and by similarly combining the department of marine with that of railways and canals. Mr. Mackenzie King had ample material for his Cabinet, and has brought together a strong group. Mr. Dunning and Mr. Crerar of Winnipeg have returned to public life, as Minister of Finance and Minister for Mines, Immigration and the rest. Mr. Lapointe has accepted his old portfolio of Justice. Among the new members are Professor Norman Rogers of Queen's University (Minister of Labour), and Mr. C. D. Howe, an engineer, who becomes Minister for Railways, Canals and Marine. It is interesting to note that the average age of the Cabinet members is fifty-two, which is comparatively young for Canada.

Unemployment and finance are the two questions that

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cause most worry to the new Ministry. In their campaign the Liberals arraigned the Bennett Ministry for culpable mismanagement of the unemployment situation, and committed themselves to a new plan of handling it through a National Unemployment Commission, on which different interests will be represented. They have also promised an enlargement of the programme of public works, started by the late Government for the absorption of the unemployed, but money will be required for this and the federal revenue situation is not encouraging. For the first half of the current fiscal year the revenues show an increment of roughly \$10 million, but expenditures have mounted by \$5 million more; as there is no prospect of any serious curtailment of the Canadian National Railways' deficit, the aggregate national deficit for the year is likely to be again serious. The Liberals maintain that their tariff reductions will expand the customs revenues, but meanwhile the financial embarrassments of the western provinces and Ontario are growing more acute, and Mr. King will find it more difficult than did Mr. Bennett to moderate the demands of Liberal Ministries for financial succour. Indeed competent financial authorities apprehend that only a quick and remarkable recovery of prosperity can avert a crisis in public finance. Mr. King evidently has some foreboding of this; for his first act has been to call a conference of the provincial governments at Ottawa early in November for the discussion of finance, unemployment and correlated problems.

Mr. King was careful during his campaign not to burden himself with an excessive load of commitments, but his Government is definitely pledged to lower tariff duties, to countenance no plan for a railway merger that would lead to a transportation monopoly, and to bring the Bank of Canada under government ownership and control. About tariff policy many Liberal candidates in the East sang quite different strains from their brethren in the West. The western Liberals have always been fervent advocates of

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very low tariffs, but since their spokesmen in the House of Commons number only 32, or less than one-fifth of the total Liberal strength, their influence will be proportionately less than in some recent Parliaments, when they formed almost one-third of the Liberal group. Moreover, in the East numerous Liberal members have been returned for industrial centres, which will not lightly forgo the tariff protection now accorded them. When the new Ministry comes to frame its tariff policy it may thus be confronted with a complicated problem of party management. But it may seek a way of escape from such complications by adopting a new technique for dealing with the tariff and fulfilling its pledges of tariff reduction.

Mr. King has pledged himself to revise the Ottawa agreements, to negotiate a comprehensive reciprocity agreement with the United States, to restore trade relations with Japan to a "mutually beneficial basis", and to make overtures to other countries for new commercial pacts. It would obviously be much more difficult for Liberal protectionists to raise an outcry if Parliament were asked to authorise downward tariff changes for the purpose of implementing a trade treaty whose terms offered clear reciprocal advantages, than if the reductions were made without any compensation. But, if this method of tariff-making were adopted, the Liberals could not leave out of their calculations the existing Conservative majority, two to one, in the Senate, which is led by Senator Meighen, one of the most experienced and resourceful politicians in Canada. Very shrewdly he abstained from any participation in the recent campaign, on the ground that since the Senate was assigned the rôle of an impartial revising body its leader should refrain from partisan political warfare. He has thus left himself in a very strong position for dealing on its merits with legislation sponsored by a Liberal Government; a clash between the Senate and the Commons over such measures as a Bill for nationalising the Bank of Canada may be one of the enlivening features of the new Parliament.

THE GENERAL ELECTION

The Liberal victory is on the surface very impressive, but it will require vigorous and progressive leadership on the part of Mr. King to prevent the Right wing of his party, whose core will be the French-Canadian contingent, from obtaining a dominating position in its councils, with disastrous results for its ultimate future. Indeed, if the Conservative party, which has been reduced to the sorriest plight in its long history and is even more feebly represented in eight out of the nine provincial legislatures than at Ottawa, is unable to rebuild its strength within a reasonable time, the Liberals may gradually drift into justifying Mr. Bennett's accusation that they are the reactionary party of Canada. In the new Parliament the forces of the Left, consisting of the Social Crediters, the C.C.F. and Mr. Stevens, will have a total strength of 27, which is almost double their number in the last Parliament. Unless prosperity returns and the Liberal Government follows a very progressive path, they are liable to win recruits rapidly to their side and become more dangerous opponents of Liberalism at the next election than the Conservative party.

Canada,

October, 1935.

AUSTRALIA AND THE LEAGUE

IN domestic politics the last three months have been relatively uneventful: a period of beginnings, not yet ripe for full interpretation. One by one the Commonwealth Ministers are returning from the Jubilee celebrations in London—"the Jubilee tourists", as the Opposition dubs them. Not much is known in detail of the discussions in London, either on foreign policy or on meat marketing. Ministers have made a good deal, however, of the temporary security they have obtained for meat exports, and this has naturally provoked enquiry concerning the promises that Australia had to make in return. The Prime Minister has hinted both at further tariff reductions to implement the "reasonable competition" clauses of the Ottawa agreement, and also at an early resumption of migration. With unemployment in Australia still high, and more or less drastic measures of rural rehabilitation under discussion, a resumption of government-controlled or assisted migration would seem to be rather a desperate expedient, and protectionists are already alarmed at any prospect of further tariff reductions. Export prices, however, have substantially improved, and the outlook is more favourable than it has been for some time.

During the quarter under review, interest has centred mainly on external affairs. The attempt to avert the Italo-Abyssinian conflict by applying the principles of the League of Nations has brought home to the Australian people much more clearly than ever before the nature of the League system, and the fact that they have a place in it. The absence, in Australia, of political discussion on external affairs has often been the subject of remark, and it is not

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surprising that the country as a whole has hitherto been scarcely aware of the obligations of League membership, or even of the fact that Australia is at the moment a member of the League Council. The general preoccupation of the League with European affairs, the ineffectiveness of the Geneva discussions in the Sino-Japanese dispute, and the breakdown of the Disarmament Conference have chilled an interest in the League that was never very warm or thorough. During the last two or three months, however, the firm stand taken by the British Government in the Abyssinian dispute has been the subject of almost continuous comment in the press.

The Commonwealth Attorney-General (Mr. Menzies) was asked at the Royal Institute of International Affairs (Chatham House) in July "whether there was in Australia any active readiness to participate in engagements of a kind like the Treaty of Locarno, it being made perfectly clear that what the Dominions were being asked to do was not to participate in a war, but to undertake to be non-neutral. Whether they came in and actually took part in hostilities was a further question for them to decide for themselves." The published report of the discussion does not record any express answer to this question, save as may be implied in the Minister's statement that there is no "active and informed opinion" in Australia on foreign affairs. That answer, however, cuts both ways. Australia has, in fact, regarded such British commitments as those of Locarno with indifference rather than with positive hostility. Since the war there has been a certain amount of definitely isolationist feeling, and Australia has not felt closely involved in European problems. But the country has realised all along its dependence on British support, and in any critical time a strong majority will await, and follow, the British lead. While perhaps unwilling to make any express commitments in advance, Australia would "participate", in the sense indicated above.

In view of the present state of affairs in the Pacific there

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would certainly be strong opposition, in Labour circles especially, to the actual despatch of Australian troops overseas. As recent events have shown, there would even be some demand for a declaration of neutrality by Australia, but we do not think that those who are making this suggestion in connection with the Italo-Abyssinian dispute are using the phrase in its technical sense. They probably do not realise that an actual declaration of neutrality in a war in which Great Britain was involved would involve the disruption of the imperial tie. We do not think there would be the least real desire in Australia to remain technically neutral in a war in which Great Britain was involved as a result of commitments such as those of the Locarno Treaty or of the League Covenant. The discussions between British and Dominion Ministers during the Jubilee celebrations appear to have disclosed a greater measure of understanding, by Australia at any rate, of Great Britain's relation to the European situation. So far as Australia is concerned, the British Government should not feel any hesitation in making such commitments for the United Kingdom as may seem necessary to preserve the League system and to maintain peace in Europe.

In the Italo-Abyssinian dispute, the declared intention of the British Government to discharge its obligations under the League Covenant has raised in an acute form the question of Australian participation in European commitments. The press cables have been fuller than usual, and the public has realised the wider issues raised, for the League, for Europe, for the Empire, and for Africa, by the Italian ambitions. Hence Australian opinion very generally and cordially supported the British Government's endeavours to secure a settlement without resort to war by Italy. As the dispute went on, it appeared increasingly likely that loyalty to the Covenant would involve the British Government—should agreement with France be forthcoming—in a decision to apply sanctions against

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Italy. On this issue, the Australian press took generally a very detached view, natural enough perhaps in a community untrained to make such decisions for itself. The possibility of war was quite generally realised. Indeed, people accepted rather uncritically the common assertion that to impose the economic penalties provided in the Covenant would inevitably cause a world war. But the decision involved was treated as a matter quite external to Australia. During August, newspapers of all shades of opinion expressed satisfaction at the firm stand that Great Britain was taking. Repeatedly it was emphasised (perhaps with some exaggeration) that unless the principles of collective security were now asserted there must be a speedy relapse into pre-war conditions. It was urged that to give reality to the Covenant now was the only course consistent with British self-respect. The League has never had a better "press" in Australia.

On the very eve of the Council meeting in September, however, sections of Australian opinion appeared to become aware for the first time that Australia herself would be facing at Geneva the issues of peace or war. Protests began to come from the Labour movement. Mr. Lang's journal, the *Labour Daily*, had been urging every few days during July and August the importance of deciding at once to employ sanctions if necessary, and of informing the world accordingly, in order to make the League system of collective security effective. Now it swung suddenly and vehemently in the opposite direction and called on the Labour movement to declare its determination to keep Australia at all costs out of another war. A rally summoned by Mr. Lang for September 4, the night of the League Council meeting, unanimously expressed its unflinching determination not to allow Australia to become involved in a second world war, developing out of the conflict of imperial trading interests resulting from the rapacious ambitions of Mussolini in Abyssinia, notwithstanding any decision recorded by the League Council. It called upon

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the Commonwealth Parliament to declare formally the neutrality of Australia, and to take all necessary steps to preserve such neutrality, even to the extent of recalling Mr. Bruce from the League of Nations Council if the decision of that body involved war.

When the Commonwealth Parliament met towards the end of September the Labour view was more fully defined. Both sections of the party agreed in opposing any participation whatever by Australia in any war that might arise out of the Italo-Abyssinian dispute. Mr. Forde (Federal party) did not actually declare against economic sanctions. Mr. Beasley ("Lang" party) went further. He declared that sanctions were impossible without war, demanded a declaration of Australia's neutrality, and declared that he would not support the application of any sanctions. In the Labour party organisations outside Parliament there has been a great deal of discussion, and some division of opinion, on the sanctions issue. There has been a strong desire to oppose fascist imperialism, but isolationist sentiment has in most cases proved the stronger. This Labour attitude is determined by deep anxiety to prevent the Government from committing Australia to measures that may involve participation by Australians in an overseas war. Yet, notwithstanding the cautious declarations made by their leaders, there is among the adherents of the Federal Labour party a strong if not very articulate body ready to give full support to the League.

The Prime Minister made a carefully guarded statement reviewing the course of the dispute and setting out the Government's policy. Mr. Lyons confined himself to general principles. He remarked that his Government was convinced that the upholding of the principles of collective security embodied in the League of Nations is essential to the world's peace. But he went on to point out that no resort to war in violation of the Covenant had yet occurred, and declined to announce in advance "the course of action to be followed by the Commonwealth

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Government in contingencies the nature and circumstances of which cannot at present be foreseen". On the day of writing, news has come of the Council's resolution naming Italy as the aggressor. We know that Mr. Bruce gave Australia's vote in support of that resolution. Shortly before Parliament met it had been stated in the press that the Cabinet had instructed Mr. Bruce to oppose at Geneva any application of sanctions, but the Prime Minister promptly described this statement as "unauthorised and misleading". The Commonwealth Government's position therefore has not been at all clearly defined. From what has occurred, however, it seems obvious that the general assurance of support for the present British Government's policy to preserve peace, that Mr. Lyons gave in London, has covered the present situation. The Government has no tradition in Australia of taking the people very much into its confidence in matters of foreign policy, and this is proving no exception to the rule. The general drift of Australian policy is, however, quite sufficiently clear. The Government is content to follow the British lead, and we think there are ample indications that in this the country is behind it.

Australia,
October, 1935.

SOUTH AFRICA

I. SOUTH AFRICA AND THE LEAGUE

OF all the Dominions, South Africa is the one most closely affected by the Abyssinian crisis, and public opinion in this country has not been slow to realise that the problems of its external relations, which a year ago could be regarded as material for academic discussion and party polemics, are now, as a result of Italian policy in north-eastern Africa, being submitted to a decisive practical test. The conflict in Abyssinia, remote though it be geographically, brings the Union to the necessity of determining her attitude towards her international responsibilities as an independent member of the League, and of estimating the effects upon her own situation in Africa of an upheaval in the northern part of the continent.

It is realised that an attack by a European Power, whose aims are avowedly imperialistic, upon the last survival of African independence is an event whose racial repercussions will rumble all round Africa, rendering more difficult than ever the task of all white governments in this continent. The act of aggression once committed, its results, whether victory or defeat, may well impair the basis of white government in Africa. For the rule of white over black, whether based on repression or on the principle of trusteeship, depends for its efficacy upon respect either for the white man's honour or for the white man's power. Italian aggression in Abyssinia, even if victorious, tends to sap what respect exists for the white man's honour: Italian defeat must impair the belief of the native mind in his invincibility. Neither result makes any easier the tasks that face white governments in Africa.

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In this respect the Union cannot regard with unconcern the present events in northern Africa; indeed one of the notable features in the development of public opinion in the Union in recent months is a growing sense that the problem of the relations between black and white in South Africa is only part of a problem that covers a whole continent, a problem in whose handling South Africa should feel herself called to play a leading part.

A realisation of this responsibility appears in the speech broadcast from Geneva by Mr. Te Water, the Union High Commissioner in London. In this speech, which attracted considerable attention as the first declaration by an official delegate of a League member that his country would pursue its obligations to the full limit even of sanctions, Mr. Te Water said :

In our view, the consideration of the occupation of African territory, now or in the future, can and must alone be undertaken under the guidance and blanket of the League of Nations. To seize African territory by force, to arm the black races of Africa for European wars, which would be the result of such seizure, are violations of such fundamental principles of the League system as would disrupt and destroy it immediately, were the member nations of the League to permit it. Africa will then be at the mercy of uncontrolled events.

General Smuts too added his warning that, if the League went to pieces now, the "law of the jungle" would be back among us. Such a phrase is a timely reminder that Africa lives even nearer than Europe to the jungle, and that white civilisation can maintain and strengthen its precarious foothold in Africa only by collective action and a sense of collective responsibility.

There is another consideration also that impels South Africa to an active support of League principles. War in the neighbourhood of the Suez Canal, with the possibility of its extension to the Mediterranean, imperils or at the least impedes the communications of Europe with the East. Moreover, as Sir Malcolm Hailey recently observed in an interview at Bloemfontein, modern

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developments in methods of warfare and aerial attack tend to make "bottle-necks" such as the Suez Canal more vulnerable than ever as links in a vital chain of communications. As a result, the Cape may find that it has assumed once more the strategic importance that belonged to it a century ago as a key point on the route from west to east. Such a geographical situation, combined with the possession of the Rand goldfields, gives cause enough for a small nation to hold closely to old friendships and give unswerving support to the new security promised by the collective system.

With such considerations before it, public opinion in the country has shown itself fully prepared to back the policy enunciated by its representative at Geneva. Here, as elsewhere, Italy's method of pursuing her aims meets with general condemnation, and press and public, with little dissent, uphold the vital necessity to South Africa of preserving the League and its guarantees of collective security. This unanimity, however, does not extend to the discussion of the Union's relations with Great Britain, or of the situation that would arise if some cause such as the application of sanctions were to widen the scope of the war and involve Great Britain. On this question, discussion follows the ordinary party lines. The leading spokesmen of the Fusion party (and there is no doubt that this party represents the great mass of moderate white opinion throughout the country) maintain, in short, that whilst South Africa has full right to decide her own course in international affairs, it is futile to disown co-operation with Great Britain when the latter's policy follows precisely the same course as her own. If this course leads in the direction of war, then, as Mr. Pirow, Minister of Defence, has emphasised, the final steps to war must be taken by the South African people of their own volition and not as an inevitable consequence of association with Great Britain. Meanwhile, as times grow more and more critical, it is essential, as both General

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Hertzog and General Smuts have observed in recent speeches, to cling as firmly as we can to the friends we have. Speaking at Oudtshoorn, General Hertzog warned his hearers that we were at the beginning of

a long and—if we must judge from what has gone before—one of the bloodiest and cruellest periods the world has ever known . . . yet we hear from the Opposition that we should cast off the friends we have and regard Great Britain as our enemy, as if we are not going to have enough enemies. And we must do that to a country which has handed to us our freedom to use as we think fit!

And at Stellenbosch General Smuts put the same view with no less force :

If ever an argument was wanted for South Africa's keeping to her old friendships, it is supplied by the situation of the world to-day. No country in the world presents a more inviting prize than South Africa with her superabundance of gold. Here you have a small country sitting with all these assets, and you can imagine what a Naboth's vineyard we must be to the world if we did not have friends in the hour of danger.

For the Union, war or neutrality depends on her obligations as a member of the League, not on her membership of the British Commonwealth; but a nation in a highly important strategic position, with great assets and an immense seaboard, with a small population and no fleet, can in practice find no success in war nor safety in neutrality unless it maintains the most cordial co-operation with the one Power that is able and willing to supply its deficiencies for nothing.

The only serious dissent from this view of our situation comes from the "purified" Nationalist opposition. This party finds itself sitting on the horns of two dilemmas. It is most gratifying to be able, as an independent member State of the League, to take a strong and striking line at Geneva: it is equally mortifying to discover that one is rowing in the same boat as Great Britain and rendering oneself open to the suspicion of deliberate co-operation. Again, if the British connection is to be altogether

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disowned, the existence of the League and the protection it affords become thereby doubly important for South Africa. If, however, support of the League involves the application of sanctions and sanctions involve war, what becomes of the oft-repeated doctrine (the very essence of "purified" Nationalism) that at all costs the Union must keep out of war and other people's quarrels? In face of these dilemmas the only course the Opposition can take is to abuse the British connection and represent the League and its policy as instruments of British imperialism. Pre-occupied with British machinations, Dr. Malan can spare little time to condemn Italian imperialism, and indeed is sufficiently sympathetic to Italian and German colonial aspirations to suggest the necessity for an all-round redistribution of colonial territories, provided always that South-West Africa is regarded as a "special case".

These sentiments have their appeal for a definite but limited section of the population whose political conceptions cannot disentangle themselves from the bitter memories of the past. But there is no doubt that, now that our independent status in world affairs is being brought down from the realm of rhetoric and tested in practice, the great majority of South Africans stand behind their Government in its support of the League and in pursuing, in close co-operation with Great Britain, a policy that is identical and interests that are common.

II. THE INDIAN QUESTION

THE last issue of THE ROUND TABLE in which a full-length article on the Indian question in South Africa appeared was that of June, 1927,* and although briefer references have since been made to that question† so much has happened in the interval that a review of the situation seems to be desirable.

* See THE ROUND TABLE, No. 67, June 1927, p. 627.

† See THE ROUND TABLE, Nos. 79, 80, 86, 87.

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In the article referred to the main points of the Cape Town Agreement of 1927 were discussed. This Agreement was reached at a round table conference between representatives of the Governments of India and of South Africa. No formal treaty was signed; the Union Government did not even ask Parliament for its approval; identical statements were simply made in the Union House of Assembly and the Indian Legislative Assembly. The essence of the Agreement may be stated in two words: repatriation and upliftment—the sending back to India of such members of the South African Indian community as were willing to go for a consideration, in the hope that the problem might thus be reduced to manageable proportions, and the promise to help those who remained behind to become a useful and permanent part of the population of the country.

It was frankly admitted on both sides that this arrangement was an experiment, a new and untried way of settling one of South Africa's most difficult problems of colour. Now, nearly nine years later, opinion among Europeans and Indians alike is still divided on the success or failure of the scheme. There are those in both sections of the community who maintain that the position of the Indian has improved immensely; there are others who declare that it is as bad as ever, if not worse. Wherever the truth may lie, it must be said that the Indian is still very much on the defensive in South Africa, as he has been since the beginning of the present century, and it is not without significance that Kunwar Sir Maharaj Singh, when about to relinquish his office as Agent of the Government of India in South Africa in January of this year, thought fit to warn an audience in Durban that the Government of India might find it necessary to withdraw the Agency if the position became much more strained, for instance by the enactment of further anti-Asiatic legislation.

Probably, in a country such as South Africa, where colour prejudice is strong, the Indian will always be unpopular. There are in existence certain pieces of legislation

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—governmental, provincial and municipal—which hamper him and which he bitterly resents; but signs are not lacking that responsible thought is coming to accept the Indian community as part of the permanent population of the country, and is reacting towards it accordingly. The present Fusion Government has shown more practical sympathy than has any previous Government. It has repeatedly declared that no further anti-Asiatic legislation is contemplated for the time being. It is improbable that Indians will be much further troubled by emigration and colonisation proposals. Indian education is being much more liberally financed and is making good progress. An Indian has, for the first time, been invited to join a government commission of enquiry.

The more liberal treatment that the Indian is experiencing is largely due to the disappearance, from the mind of the average European in the Union, of the fear of being swamped by an excess of Indians, especially in Natal—a disappearance brought about by the Union's adoption of the closed-door policy in 1914 and the various schemes of repatriation that have since been tried. In Natal the percentage of Asiatic to total European and Asiatic population has dropped from 57.49 in 1911 to 46.9 in 1934, while the percentage of Asiatic to total population of the Union (European, Asiatic and native) has decreased from 2.5 in 1911 to 2.3 in 1934. A further decrease is expected to be revealed by the 1936 census.

The problems that are exercising the minds of Indian leaders to-day may be grouped under three headings: assisted emigration, licensing grievances and the Transvaal Asiatic Land Tenure (Amendment) Act.

Assisted Emigration.

The principle of repatriation was first embodied in the Indian Relief Act of 1914. By means of free passages and bonuses the Union Government secured the removal of

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34,250 adults and children by the end of July, 1927. Then, the assisted emigration scheme embodied in the Cape Town Agreement came into operation, offering larger bonuses and other inducements to those who would leave the country. Satisfactorily though the new scheme worked at first, it had already become obvious by the end of 1930 that emigration had lost any attraction it had ever had. A second round table conference was therefore held from January 12 to February 4, 1932, between representatives of the Governments of the Union and India, and on April 5 Dr. D. F. Malan, then Minister of the Interior, announced in the House of Assembly that both parties recognised that the possibilities of the scheme of assisted emigration were practically exhausted and that "the Government of India would co-operate in a scheme for settling Indians in countries other than India". No other modification of the 1927 Agreement was, for the time being, considered necessary. The joint governmental enquiry thus contemplated has not yet taken place.

In March, 1933, Mr. J. H. Hofmeyr became Minister of the Interior in the Fusion Government and, with the concurrence of the Government of India, appointed a preliminary and local committee to investigate the possibility of colonisation. The committee was presided over by Mr. James Young, formerly Chief Magistrate of Johannesburg, and contained Mr. S. R. Naidoo, an Indian nominated by the South African Indian Congress. It reported a year later to the effect that "British Borneo, British New Guinea and British Guiana were countries in which further investigation as to the successful operation of a colonisation scheme might advantageously be made".* The report had a chilly reception from the press in India and the Union, and although there is reason to believe that the Governments of the two countries have had it under consideration nothing more has so far been heard of it.

* *Report of the Indian Colonisation Enquiry Committee*, Union Government 25 of 1934.

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Licensing Grievances.

On this topic the Cape Town Agreement of 1927 contained the following clause :

When the time for the revision of the existing trade licensing law arrives, the Union Government will give all due consideration to the suggestions made by the Government of India Delegation that the discretionary powers of local authorities might be reasonably limited in the following ways :—(1) the grounds on which a licence may be refused should be laid down by statute; (2) the reasons for which a licence is refused should be recorded; (3) there should be a right of appeal in cases of first applications and transfers, as well as in cases of renewals, to the Courts or to some other impartial tribunal.

That was in 1927; but the time for revision has apparently not yet arrived. The Government still throws on the various provincial authorities the responsibility for making suggestions regarding the revision of the licensing laws, a step the provincial authorities are not likely to take unless pressure is brought to bear upon them.

In the Transvaal, where the main trouble under this head arises, trading licences are issued by the Union Government Receiver of Revenue; but before an applicant can obtain a licence a "certificate of fitness", signed by the local authority—town or village council—or by a rural licensing board, must be produced. Section 6 of the Transvaal General Dealers (Control) Ordinance of 1926 specifies the grounds on which a local authority may refuse a certificate. These are unsuitability of the premises, of the locality, or of the applicant. Further, the Indian is forbidden by law to live or trade in certain areas, namely, all lands proclaimed under Act 35 of 1908 as public gold diggings. These restrictions, it must be emphasised, have never been enforced, and by Act 37 of 1919 Asiatics who were trading on restricted lands, and their lawful successors in title, were protected, provided they continued to trade in the same township. Even after 1919 licences were still issued to Asiatics by local authorities without regard to the law as it stood.

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Matters were brought to a head in 1928 when the North-Eastern Districts Association applied for an order requiring the Norwood Land and Investment Company Ltd. (owned and managed by Indians) to cease occupying a "lot" in the private township of Norwood, Johannesburg. For the defendant company it was argued that the Indians concerned were not "occupying" the lot but were in fact "servants" of the company. One of the conditions of title under which the "lots" in the township were held stated that "no coloured people other than servants will be allowed to occupy the property transferred hereunder . . ." The Court passed the order sought by the plaintiff Association, it being held that the Indians were "occupying" the "lot". The defendants lost on appeal and the success of the plaintiffs in this case was probably responsible for the action of the Johannesburg Municipality, in 1928, in considering the possibility of bringing the hitherto unenforced laws into operation by refusing certificates of fitness where a "coloured" person applied for a licence to trade on a stand situated on proclaimed land. The earlier applications for licences in 1929 were granted, but from the middle of January 1929 onwards all remaining applications were held over, the applicants being allowed to trade without having any action taken against them.

Later in 1929 came the case of the Town Council of Springs *versus* Moosa and Sidat. Plaintiffs had attempted to evict defendants from land that they occupied in the town, claiming that it was situated in a proclaimed area. Judgment was given in favour of defendants on the ground that, since Springs already existed as a town when the ground on which it stands was proclaimed, the law of 1908 could not be held to apply to it. Then, Turf Stores, Ltd., an Indian concern, appealed to the Supreme Court against the refusal of the City Council of Johannesburg to issue a certificate of fitness under section 6 of the 1926 Ordinance. The appellants were successful, the Court holding that the Council had not gone into the merits of the case and that

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there were no grounds on which a reasonable man could have deduced from the evidence that either the locality or the premises or the applicant was unsuitable. The judges expressed the opinion that the real reason for discrimination was class discrimination.

So matters stood, when, on February 3, 1930, the Minister of the Interior moved in the House of Assembly for the appointment of a Select Committee to enquire into the whole matter of licences. Evidence was taken from Transvaal local bodies, government officials and representatives of the Indian community, and the report of the Committee was issued in May, 1930.* It was unanimous. After describing the extent of the problem of illegal occupation and the failure to enforce the restrictions recommended by a Select Committee in 1919,† the report remarked that "laxity on the part of the authorities cannot constitute a valid excuse for breaking the law". It was suggested that a period of five years from May 1, 1930, should be allowed within which illegal businesses would have to be disposed of. Local authorities were to set aside areas in which the Asiatics affected might reside or trade. In regard to the future granting of licences it was recommended that local authorities should be given power to refuse certificates of fitness in cases where the applicant could not prove that he was entitled to occupy the premises in which his business was to be conducted, and, in connection with the ownership of land by Asiatics, it was noted that "there can be no doubt that the legislature intended definitely that Asiatics shall not own fixed property in the Transvaal outside reserved areas, either collectively or individually and either directly or indirectly".

The Transvaal Asiatic Land Tenure (Amendment) Act.

On the basis of this report, the Select Committee drafted a Transvaal Asiatic Land Tenure (Amendment) Bill. There

* *Report of Select Committee on Asiatics in the Transvaal*, Select Committee 7 of 1930.

† See THE ROUND TABLE, No. 38, March 1920, p. 453.

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was no mention, however, of compulsory segregation or of legislative interference on behalf of European standholders in private townships: in connection with licences, the appeal to the Supreme Court was retained: no retrospective action was to be taken against individuals or companies who had acquired land within the provisions of the law as it stood before 1930: areas were to be set aside in which the Asiatic might openly buy land.

Nevertheless, there were provisions in the Bill that caused the greatest concern amongst Transvaal Indians, who held that they aimed at segregation. Its second reading was fixed for May 21, 1930, but, on the representation of the Agent, it was postponed until the following session. Then, in May 1931, the Minister announced that consideration of the Bill had been postponed until it could be considered by a joint South African-Indian conference. As we have already noted, this conference was held at Cape Town in January, 1932; but the Union Government, holding that land tenure was a purely domestic concern, refused to allow it to be discussed formally. On the day that Dr. Malan announced the result of the conference to the Assembly, the Bill, as modified during the preceding session, was read for the first time. In due course and with a few further amendments it became law as Act 35 of 1932.

One of these amendments was of first-class importance; for it essayed to deal in a reasonable spirit with the situation as it existed and not as it ought to have existed according to the strict letter of the law. The jungle of difficulties that surrounds the statutory restrictions on the occupation of land in townships in the Transvaal gold-mining areas has sprung up because these restrictions have not been made in a straightforward way in respect of specified areas, but have been tacked on to the Gold Law of 1908. That law is not a logical and consistent whole. In its present form it is the result of a process of gradual development from rather primitive beginnings, and it has been complicated further by elaborate provisions dealing with titles

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to "stands" held under earlier gold laws, and with the provisions made, also in 1908, for the conversion of such titles from leasehold to freehold. The Act of 1932, as amended, therefore inserted into the Gold Law a new section (131 A), which indeed made no reference to land that had been converted from leasehold to freehold, but which did provide for the issue of certificates withdrawing land from the operation of those sections prohibiting "residence upon or occupation of land by a coloured person".

This amendment lent a much-needed elasticity to the operation of the law; but it became more than ever necessary to ascertain the precise facts of the situation. Hence on October 4, 1932, a Commission to investigate cases of illegal occupation and residence was appointed under the chairmanship of Mr. Justice Feetham. Its complete report has not yet been issued. Parts I and II—dated July 28, 1934—were released for publication on July 6 of this year; * Part III was published a week or two ago; † Part IV has yet to appear. It is estimated that by the time the Commission has concluded its labours it will have cost the State not less than £30,000, apart from the expense of translating and printing its most comprehensive reports. Part I gives an historical outline of the restrictions imposed by the Gold Law of 1908 on the occupation of proclaimed land by "coloured" persons, and includes a close examination of subsequent amendments to legislation affecting the rights of occupation. Part II, which deals specifically with Johannesburg, contains recommendations concerning the areas that should be exempted from the operation of sections 130 and 131 of the Gold Law—that is, areas on which "coloured" persons may be allowed to reside and trade. Part III also deals with Johannesburg, and includes a valuable and detailed register of coloured persons who are actually in occupation of land that is subject to Gold

* Union Government 7 of 1934.

† Union Government 22 of 1935.

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Law prohibitions, together with recommendations concerning the treatment of individual cases. The fourth part will deal with other mining townships in the Transvaal.

The Commission has recommended for exemption in Johannesburg 170 acres, the exemption of which was agreed to by Johannesburg City Council, and a further 60.5 acres, exemption of which was opposed by the Council. It has also demarcated an alternative area of 56 acres, exemption of which was agreed to by the City Council but is not recommended by the Commission. The total extent, therefore, of the areas recommended by the Commission for exemption exceeds by only 4.5 acres the areas that the City Council had already offered to exempt.

It is obvious that the Commission set itself to fulfil its duties under a sympathetic and liberal interpretation of its terms of reference. These enjoined it, when considering its recommendations regarding legal tenure, to take into account the character of the individual, the period of occupation, and the hardships that the strict enforcement of the law would involve. Nevertheless, it has not ignored the weight of public opinion behind what it describes as "the social objection" to contact between European and coloured children, the undesirability of creating a number of "islands" of coloured occupation in the centre of primarily European areas, and the suggestion of the Johannesburg City Council that the main thoroughfares should be, where practicable, kept "white".

The Commission indicates clearly that the imposition in 1908 of restrictions upon the rights and liberties that the Asiatic and coloured communities had hitherto enjoyed, and the subsequent non-enforcement of those restrictions, placed these people in an ambiguous position. "It would," it observes, "be unreasonable and inequitable to regard these Asiatics and coloured persons who are to-day in illegal occupation of premises on land subject to the Gold Law as wrongdoers who are, so to speak, out of court and debarred, by the very facts of their situation, from

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making good any claim to exemption from the provisions of the law which they have contravened." In short, its attitude towards the Asiatics is distinctly more favourable than that of the Committee of 1930.

The number of Asiatics and coloured persons affected is not large. The Commission estimated that about 5500 persons are in occupation of proclaimed land, and of these about 1400 are traders. The Transvaal Indian Commercial Association calculated that the Indian percentage of all branches of wholesale trade in Johannesburg is not more than two per cent. It is therefore hard to believe that the position of European traders can ever be seriously menaced, or that the judgment of the Lange Commission of 1919,* which held that the swamping of the Transvaal European population by Indians was inconceivable, is in any need of revision.

These considerations strengthen the Commission's plea that the power of exemption should be exercised liberally, on the following grounds. Many Indian traders have removed from one township to another without being aware of the fact or of the serious consequences that such removal might entail. Again, many who have been in the habit of visiting India have failed to realise that, in order to preserve their rights of occupation under the 1919 Act, they must maintain the continuity of the businesses they had been conducting on May 1, 1919. Further, if traders are confined within too narrow limits, if they cannot follow their market, they will have no inducement to improve their standard of living, and will be exposed to rack-renting, while, unless provision is made for the future requirements of Asiatic and coloured people along the Rand, they will be driven to migrate to other parts of the Transvaal. Finally, the Commission suggests that one means of relieving the strain would be to make it easier for Indian traders to enter other occupations.

It has already been noted that the Asiatic Land Tenure

* See THE ROUND TABLE, No. 46, March 1922, p. 440.

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(Amendment) Act of 1932 was condemned by the South African Indian Congress as a measure that aimed at segregation. Neither the Congress nor the Transvaal Indian Congress submitted memoranda for the consideration of the Commission or gave evidence, their contention being that the only equitable policy for the Government is to compile a register of Asiatics who are in illegal occupation of land and to legalise their occupation; they hold that this legislation would be in accordance with the recommendations of the Select Committee of 1919.

It remains to be seen how much of this claim will be conceded. Meanwhile, a review of the Government's action and a perusal of the first three parts of the Feetham report suggest that the Asiatic and coloured people concerned have little to complain of in the manner in which their claims have been considered. The Act of 1932 laid down May 1, 1935, as the date by which all illegal businesses should have been disposed of; but in view of the inability of the Commission to complete its work before that date the present Minister of the Interior carried a short Bill extending the period of occupation to April 30, 1937. Now, in spite of the boycott of its proceedings by representative Indian bodies, in spite also of the immense difficulty of tracing the history of businesses whose owners claimed protection under Act 37 of 1919, but were unable to produce licence receipts, official counterfoils and so forth, the Commission, with admirable thoroughness, has compiled the necessary register of those who are either in legal or in illegal occupation, and has made recommendations for future action that are marked by sound common sense and, what is perhaps the same thing carried to a higher plane, great humanity.

South Africa,
October 1935.

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THE forthcoming general election in this country is likely to be fought largely on the "prosperity" issue. The Government claims that there has been at least a measure of recovery since the *annus terribilis* (which for New Zealand was 1932), and that its own policy has been one of the factors promoting this recovery. Labour retorts that New Zealand's position is fundamentally no better—or very little better—than it was in 1931–32, and that, even if it is, improvement has come in spite of the Government's policy, not because of it.

I. THE ECONOMIC SITUATION

THERE is probably no test that shows a country's level of prosperity with mathematical precision. However, it is agreed that the trend of certain figures gives a valuable indication; in this case they show slackness or even collapse two or three years ago, followed by a steady improvement since 1933. The following table sets out some of the essential facts. The same trends are shown by figures for marriages, wage rates, unemployment, and other social phenomena.

(000,000's omitted.)

	Lowest figure.	Latest figure available.
Total production	1931–2 £83·6	1933–4 £98·8
Farm production	1931–2 £49·2	1933–4 £63·3
Exports	1931–2 £34·7	1934–5 £43·0
Imports	1931–2 £24·7	1934–5 £34·3
Bank debits	1932 £541·7	1934 £676·2
Building permits	1932–3 £2·5	1934–5 £3·6
Wages and salaries paid	1933 £58·9	1935 £65·1
Mortgages registered	1933–4 £8·0	1934–5 £12·0
Share prices (1926 = 1000)	1932 703	1934 957
Export prices (1909–13 = 1000)	1932–3 861	1934–5 1046

THE ECONOMIC SITUATION

In short, things are considerably better than they were in 1931-32, and are still improving. Can the Government claim the credit for what has happened?

As has already been pointed out in *THE ROUND TABLE*, the Government during 1931 and 1932 evolved a concrete "recovery" plan, which on the whole has been carried out consciously and consistently. The plan is thus conceived. The prices of New Zealand's products fell sharply—but the farmers' costs fell much more slowly than prices. Therefore, if matters were allowed to take their course, the farmers would in the first instance bear the whole brunt of the fall in the national income, and lack of purchasing power among farmers would be reflected in acute depression throughout the community. It followed that farmers' purchasing power must be restored, and the loss in national income spread, by reductions in farmers' costs. Money wages were therefore reduced by 10 to 20 per cent. and rent and interest by 20 per cent.;* but these reductions were not enough to bridge the gap between costs and prices. Therefore the exchange rate on London was raised to 125, which directly increased farmers' money incomes. This depreciation, moreover, had a further advantage in that it tended to stabilise local prices, and was therefore of assistance to those who owed money debts.† Even so, however, many people owed debts which they could not possibly meet in times of depression. Therefore, machinery was provided by which mortgagors could be relieved of part or all of their interest charges, and

* "Real" wages have remained stable; the following are index figures for 1930-34 (1914 = 1000): 1066, 1069, 1062, 1077, 1068. It has been calculated that in 1930 wages made up 25 per cent. of farm expenditure. Rent and interest accounted for 33.3 per cent., and other "financial" charges (such as taxes and insurance) an additional 11.7 per cent.

† The "all groups" index of retail prices stood in 1930 at 56 per cent. above 1914 levels. From this it fell to 33.4 per cent. in 1932 (just before the exchange rate was raised), and it now stands at about 32 per cent.

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mortgagees prevented from enforcing their "remedies".* At first this was done in a temporary way, but early in this year long-term arrangements were embodied in the Rural Mortgagors Final Adjustment Act and the Mortgage Corporation Act.† The former provided machinery for adjusting the debts of farmer mortgagors to an economic figure. The latter was designed to stabilise mortgage rates at comparatively low levels. The Mortgage Corporation's shares that were thrown open to public subscription were heavily over-subscribed, and the Corporation has successfully borrowed on debenture at $3\frac{3}{8}$ per cent. money which it proposes to relend on mortgage at $4\frac{1}{8}$ per cent. Meanwhile, government pressure successfully forced down interest rates in general, so that the banks' overdraft rate fell gradually from 7 per cent. to $4\frac{1}{2}$ per cent.

All these steps helped to bridge the gap between farm costs and farm income. Similar policies also helped the Government to solve the problem of public finance. The rate of interest on internal debt was reduced, at an annual saving of nearly £1,000,000, and the salaries of civil servants were heavily "cut". At the same time fresh taxation was imposed and drastic measures were taken to balance the budget. It was not until 1935 that balance could be achieved without calling on reserves; but enough was done to make a considerable impression in London. In July of this year there matured a loan of over £10,000,000 paying 5 per cent. interest. The Government paid off a little over £2,000,000 in cash, and raised a new loan of £8,000,000 at 3 per cent. for 20 years, issued at $98\frac{1}{2}$.‡ The loan was promptly subscribed, and the British press emphasised that New Zealand had won favourable terms by the way in which she had put her financial house in order. The result

* See THE ROUND TABLE, No. 84, September 1931, p. 922; also *Economic Record*, May 1932.

† See THE ROUND TABLE, No. 99, June 1935, p. 633.

‡ The Australian conversion loan of July 1935 carried 3 per cent. interest and was issued at par, but was for the term of six years only.

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of these efforts is an all-round reduction of internal costs to an extent estimated at 20 per cent.

Up to the present one obstinate nut has refused to crack : that of unemployment. At present there are 59,000 men either unemployed or depending for jobs on Unemployment Board subsidies. On August 3, 1935, there were 14,438 men "in receipt of sustenance without work". The unemployment fund comes from a levy of £1 per year on all men over 20, and from the "emergency" tax levied on all incomes, now (October) at the rate of 8d in the £. However, there are signs of change in unemployment policy. In July of this year Mr. W. Bromley (Deputy Chairman of the Board) made a vigorous attack on the policy of merely maintaining men on relief work in the hope that private enterprise would shortly have need of their services. He said that we might have to face the position that private enterprise could not re-absorb men permanently, and that the Government might be forced itself to build up industries in which men could find permanent work. Again, an inter-departmental committee has been at work for some time on the problem of public works in relation to unemployment. Its object is twofold. First, it seeks to provide a programme of public works that could be undertaken immediately, providing a maximum amount of employment for a given loan expenditure. Secondly, it is preparing a "long-range" plan for some years ahead. The object here is to allow time for necessary preparatory work (such as surveying) so that loan money can be spent in an orderly way at times that fit in with the general programme. In both cases it is hoped to co-ordinate the spending of Unemployment Board funds and loan money.

Mr. Bromley's speech and the committee's enquiry may foreshadow a new approach to the unemployment problem. So far relief has been financed out of the special "wages" or "emergency" tax, to the extent of £14,000,000 since 1931, and the public debt has actually decreased during the

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depression.* Perhaps we are to have a long-range policy aiming at absorbing the "employable" unemployed through public works.

II. THE MEAT AGREEMENT

IF Messrs. Forbes and Coates have not cured unemployment, they have at least given us a meat agreement. This is a triumph about which we are likely to hear a good deal during the next few months; for Mr. Elliot's re-discovery of British agriculture carried with it a very serious threat to New Zealand's economy. This is a point which many New Zealanders (and Australians) feel has been inadequately considered in England and inadequately emphasised by our representatives. The British experiment in agricultural protection is an incident, though an important one, in a complex economy; but to New Zealand it might spell economic ruin. During the year ending June 30, 1935, for example, our exports of frozen beef, lamb, and mutton were worth £11,585,862 out of a total export trade of £42,953,698, and Great Britain is practically our only market for meat. It was, therefore, with dismay that we heard of British plans for quotas and levies. Most alarming of all was the announcement in March of this year that the British Government intended to impose a stiff levy on all imported meat, without "regulated marketing". Such a levy, it was felt, would have to be paid by the New Zealand producer;† and it would be relatively difficult to make up this loss by increasing the volume sold. New Zealand's productive capacity is by no means fully developed, but in the immediate future she could not expand as fast as (for

* New Zealand's policy is in marked contrast with that of Australia, whose public debt has increased during the depression by something like £130,000,000. Australian taxation for relief purposes amounts to £1 7s. 11d per head, as compared with £2 18s. 8d in New Zealand.

† It is estimated that an all-round levy of $\frac{1}{2}$ d per lb on meat would cost the New Zealand producer £1,100,000 sterling per year; of this £830,000 would be paid in respect of mutton and lamb.

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example) Australia. This fact was illustrated by the recent expansion in Australian production of mutton and lamb. New Zealanders are inclined to feel that while they have adhered strictly to the limitations arising out of the Ottawa agreements, Australia has failed to do so, and has stolen a march on them by increasing her exports. A further injustice arises from the fact that Great Britain's main object was to protect her own beef production. Her plan of doing so, however, involved a levy on *all* meat, which would impose special hardship on New Zealand, whose main interest is in mutton and lamb.

It was, then, with considerable relief that we heard that an agreement had been reached. In effect, New Zealand has obtained until the end of 1935 a beef quota sufficient for her needs (a total of 548,000 cwt), with permission to increase the amount which is chilled instead of being frozen. The agreement on mutton and lamb runs until the end of 1936.* Until that date there is to be no levy, and we are to have a sufficient quota. For 1936 the maximum is to be 3,950,000 cwt, compared with 3,554,000 cwt in 1934, and 3,666,000 cwt in 1935. As to what will happen to the beef trade after the end of 1935, and the mutton and lamb trade after the end of 1936, the position is still a little obscure; for Mr. Coates says he is not at liberty to tell us the full history of the London negotiations on this point. He has, however, stated explicitly that the levy (if any) will be charged on beef alone, and perhaps mainly on chilled beef. Mutton and lamb are to be free of levy, and if Dominion suppliers can agree among themselves about quantities "the present agreement will continue after 1936". At the worst these arrangements are a great improvement on what seemed likely a few months ago.

* A permanent arrangement cannot be made until the British agreement with Argentina expires in November 1936.

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III. THE ELECTION ARENA

THE Government's policy has been attacked from the Right and from the Left, and it is perhaps a sign of improving times that criticism from the Right has become increasingly vociferous. From the first the Wellington *Evening Post* (independent) has attacked the Government's policy from a strongly individualist angle, and there has been no lack of men who (in private) would urge a conservative point of view. For example, it is argued that if farmers had not been protected by moratoria and exchange depreciation, all, or nearly all, would have been bankrupt together; that this very fact would have prevented general foreclosure, and would have compelled creditors to give efficient farmers terms at least as favourable as those secured through government action; and that the present plan, by giving something like all-round protection, puts a premium on inefficiency, and has destroyed the basic principle of the sanctity of contracts. Again, it is complained that the present government has been "more socialist than the socialists". It may be said, indeed, that depression measures have carried New Zealand yet another stage towards "socialism without doctrines". It is true that compulsory arbitration has ceased to "restrict" private enterprise; but government regulation of industry has, on the whole, increased, whether exercised directly or through taxation. Taxation has been heavy—£15 18s. 7d per head. The plea has been made, then, that the Government should "lighten the burden on industry" by reducing taxation, and, in general, administer a good stiff dose of *laissez-faire*.

To such criticisms the Government spokesmen retort that *laissez-faire* would have led to social chaos. The sanctity of contracts could have been enforced, if at all, only at the cost of intense and in many cases undeserved suffering. The rights of the creditor are indeed sacred,

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but other things may be more sacred still. In the words of Mr. Coates,*

If through the force of economic events the letter of the contract imposes an intolerable burden on a large mass of the people, if it results in serious injustice to large numbers, if it impedes progress, then the letter of the contract must be varied in the interests of the people as a whole.

Such reasoning was forcible, and it may be doubted whether the critics of the Right, if in power, could themselves have avoided taking drastic action of some kind. Conservative criticism, however, appears to be one of the forces behind the recently organised Democrat party. According to general belief, its mainspring was Mr. W. Goodfellow, a dominant figure in the dairy industry. He was formerly a strong supporter of Mr. Coates, and is now an equally vigorous opponent. Mr. Goodfellow dropped out, however, leaving Mr. A. E. Davy, "Dominion organiser", as the only man who was avowedly one of the party's leaders. Mr. Davy, indeed, is a man of some importance, for he is skilled in the art of modern political propaganda. He organised the campaign that carried Mr. Coates' Reform party to victory in 1925, and also the campaign of 1928 which displaced a Reform by a United party Government;† and it seems that the tactics of 1928 are to be repeated. There has been the same mystery as to both personnel and programme, and one may anticipate the same last minute catch-cries and startling proposals.

The Democrat party was not organised to support any politician whose views were known, or to further any agreed policy. Apparently its supporters were gathered from those who had grievances against the present Government, even though they might have little other basis of agreement. Thus there was chosen a team of prospective parliamentary candidates, presumably on the understanding

* *New Zealand Parliamentary Debates*, Vol. 241, p. 425.

† See THE ROUND TABLE, No. 74. March 1929, p. 434.

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that the candidates, when chosen, would themselves elect a leader and define their policy. These things were done at a conference held in Wellington in August. The leader is Mr. T. C. A. Hislop, a Wellington barrister and solicitor who was educated at Cambridge and is now 47 years of age. His father was the late T. W. Hislop (Minister of Justice and Education 1887-90), but he himself has had no political experience. However, he has been Mayor of Wellington since 1931, and was recently re-elected for his third term of office. He is reputed to be a capable administrator, and a lucid and felicitous speaker.

Speaking in Auckland on October 1, Mr. Hislop outlined the party's policy, the avowed basis of which is to restore the sanctity of private contracts and to check the advance of state socialism. The bureaucratic control of boards and commissions would be relaxed, and the methods of Parliament would be reformed so that it might conduct its business more efficiently, expeditiously and cheaply. The exchange rate would be reduced to its natural level, in a manner approved by the Reserve Bank and the trading banks. In compensation, the farmers would be paid individually an export subsidy, derived from a special fund to which would be transferred the resources made available by the fall in the exchange—savings on debt service and oversea purchases, and gains in customs and other taxes. Farmers would also be spared their "humiliation" under the stay-order provisions of the Rural Mortgages Final Adjustment Act, whose clauses involving the confiscation of capital would be repealed. A National Development Council would be set up to advise the Government on proposals for the development of national, local and private enterprise, for which purpose power would be taken to borrow up to £8 million, or more if necessary. Support would be given to secondary industries on an economic footing, while the spirit of the Ottawa agreements would be observed. The civil service cuts would be fully restored, the scale of pensions increased,

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and a national health insurance scheme inaugurated. At the same time, the unemployment tax would be reduced to 6d in the £, and the annual unemployment levy of £1 abolished, together with the sales tax and the gold export tax; and income tax would be reduced by 10 per cent.

Mr. Hislop has visited the main centres, and professes himself to be delighted with the support he has been promised. He also announces that there will be something like 80 Democrat candidates. Accordingly, we have the prospect of many three-cornered fights, of split votes, and perhaps of a minority Government. On these grounds most of the press denounces the Democrats as "wreckers" who will split the non-Labour vote. In spite of some agitation, the Government has declared against any last-minute adoption of a system of preferential voting; for it fears that such a change would invite destructive criticism from the Labour party.

The "socialism" of Messrs. Forbes and Coates has laid the Government open to chastisement from the Right, but it has proved very awkward to critics from the Left. Labour has been reluctant to commit itself in precise terms to an advanced programme of "socialism in our time", and its own ideas did not in some cases go far beyond the plans actually adopted by the Government. Yet Labour's function as His Majesty's Opposition was to oppose, and much of its case accordingly consists of criticism of the Government's policy. The reliance upon expert commissions and on "semi-state concerns" is denounced as depriving the people's representatives of due control over national affairs, and as furnishing a means whereby Ministers can shirk work and responsibility. The Agriculture (Emergency Powers) Act, the Rural Mortgage Final Adjustment Act, and the Mortgage Corporation Act together created, it is alleged, a "dictatorship in the primary industries", and will turn farmers into serfs, at least during the five years of "supervision and budgetary control".*

* See THE ROUND TABLE, No. 99, June 1935, p. 641.

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The State Advances Office has been swallowed up in the large, unsympathetic and profit-hunting Mortgage Corporation. The raising of the exchange rate created no spending power: it merely redistributed existing resources in an inequitable way, and "robbed the people of New Zealand of 25 per cent. of their accumulated savings". Compulsory arbitration was destroyed in order to produce "flexibility", not even on the pretext that it had failed to prevent strikes. The resulting system* placed the worker at the employer's mercy; in effect he had to agree to the employer's terms or have no award at all. Industrial disputes are not argued out, with evidence, to an equitable conclusion: they are settled by the law of the jungle, which masquerades as "conciliation and arbitration". And so the indictment grows, fortified by instances where administration, as well as law, has demonstrated that the Government's policy has continually favoured the rich man at the expense of the poor.

On the critical side, however, Labour's main attack has long been directed against the fundamental policy of "reducing internal costs"—at least in so far as this was expressed in wage and salary "cuts". As Mr. M. J. Savage (Leader of the Opposition) explains the matter, the country's prosperity depends upon the people's purchasing power; but "the Government of the day has since January 1, 1930, been directly or indirectly responsible for the destruction of purchasing power aggregating £100,000,000". The fruit of this policy, say Labour spokesmen, is to be seen in the unemployment figures, and the remedy is plain: "put money into circulation again". All cuts in wages and salaries should be immediately restored. Pensions and other "social services" should be restored and extended—for example, there should be "a national superannuation system, payable to all citizens, beginning at sixty years of age or on invalidity". Certain public works that had been abandoned should be

* See THE ROUND TABLE, No. 88, September 1932, p. 913.

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resumed (such as the East Coast and South Island Main Trunk railways); for, it is argued, governments should deliberately undertake capital works during periods of depression. Labour complains, therefore, of government extravagance before 1930, and makes it a definite reproach to the Government that it has chosen a time of depression to decrease public debt. Again, Labour would "provide adequate protection for secondary industries which can be economically developed in the Dominion", through "customs tariffs where necessary", pending systematic control of external trade as a whole. This systematic control is also to be used to "guarantee economic prices to farmers and others who are producing in accordance with the Dominion's requirements"; and mortgages are to be readjusted "on the basis of guaranteed prices". Finally, in order to carry through this programme, Labour would

assume control of public credit and establish a national credit authority whose duty it will be to provide a money service sufficient to give effect to the will of Parliament.

Labour's policy has been roughly handled by the press and by economists; however, the most lively controversy has raged round the plan of guaranteed prices for farmers. The usual statement is that Labour would guarantee a price which would enable the average efficient farmer to obtain a reasonable profit from his work. Mr. Walter Nash, M.P., one of Labour's ablest spokesmen, adds that the scheme will work on a basis of regulated marketing, attained by agreements between New Zealand and her customers overseas.

The plan has suffered much destructive criticism. How, for example, does one discover the "average" cost of producing butter-fat? Labour spokesmen say this is a question for careful study and refuse to commit themselves to details. The only concrete suggestion made is that the guaranteed price should be based upon average prices for

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the past 8 or 10 years. Even if the guaranteed price were arrived at in this way the scheme would call for huge cash payments by the state. How are these to be financed? Again Labour spokesmen are not agreed, but have put forward at least three distinct suggestions. It might be managed by taxation, or by local credit manipulation, or by virtually increasing the exchange rate to the necessary extent—a suggestion in apparent conflict with Labour's continued opposition to the existing 25 per cent. premium on London exchange.

The difficulties inherent in these suggestions are so obvious that clearly the plan of guaranteed prices has not been sufficiently thought out. At present it is likely to appeal chiefly to those who want a simple scheme to produce immediate prosperity, but who do not wish to think too closely about it. However, among the present conflicting and nebulous proposals there may be detected a suggestion of something quite different, namely, price stabilisation, to be managed, probably, by government purchase and marketing of primary produce. If Labour's suggestions should crystallise into some such scheme, this might put a totally different complexion on the matter.

IV. MARKETS AND MARKETING

YET, however the decision may go at the general election, the basis of New Zealand's economy is likely to remain unchanged for an indefinite period. She is an exporting country with only one main market—Great Britain. Therefore her prosperity is bound to depend to a large extent on the prices paid in Great Britain for meat, wool, and dairy produce. This fact necessarily limits what can be done by the New Zealand Government to bring about better times. Wealth already existing in New Zealand can be redistributed, so as to spread profits or losses more equitably; and such a wise redistribution

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will undoubtedly tend to stimulate internal prosperity. But no internal manipulation can make New Zealand self-contained within a finite time, or make her prosperous if she cannot sell her exports on reasonably favourable terms.

Government supporters are sometimes so impressed with these facts that they speak as if the New Zealander could do nothing to help his own salvation. The Government's own actions belie this point of view. New Zealand can play her small part in fighting against economic nationalism; and though she still offends in some respects (wheat duties, for instance) she made an important move in the direction of freer trade by revising her tariff downwards in 1934.* Again, something can be done to preserve and extend markets. The meat agreement is a case in point, and so are the recent efforts to find markets in the East. Visiting Japanese have explained that a market may be found if it is vigorously sought after; recently we had with us a Japanese "goodwill" mission, and its visit has been followed by the announcement that the Osaka Shosen Kaisha has arranged for a direct shipping service between New Zealand and Japan. There is, then, some prospect of increased trade with the East, and it is to be hoped that this will not be destroyed by talk about the menace of Japan to these islands' political integrity. However, our main market will still be Great Britain, and there is hope that we may persuade Englishmen to increase their consumption of our goods—particularly if British recovery is maintained. It is realised that we must aim always at improving quality, and at marketing our goods in the most effective and orderly way.

An important step in this direction was taken at the recent (September) Dairy Board's Dominion conference. Mr. H. E. Davis, the Dairy Board's London manager, who was visiting New Zealand for the purpose, placed before the conference some salient points with respect to

* See THE ROUND TABLE, No. 97, December 1934, p. 199.

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marketing in England. He pointed out how the existing system of competition between selling factories led to price fluctuations, how it made more difficult the problem of placing goods on the market in an orderly way instead of in a seasonal rush, and prevented systematic attacks on markets where at present the demand for New Zealand products was slack. He placed before the conference a scheme of co-operative marketing, based on Danish experience, and worked out in consultation with the Executive Commission of Agriculture. In effect, it was suggested that the industry should be organised into seven marketing groups, to control the selling that is at present done by some hundreds of individual factories. The produce of each group should be carefully graded and marked with the group brand. Thus, it is hoped, "healthy rivalry" will grow up between the different groups in place of "fierce inter-factory competition"; increasing emphasis will be placed on quality; and under the supervision of the Dairy Board goods will be placed before the British consumer regularly and in the form that the consumer desires.

This comprehensive plan was promptly adopted by the conference, almost unanimously. Next day the conference also accepted a proposal that the local marketing of butter should be under the Board's control. These two schemes, which will come into force on August 1, 1936, will do much to apply to marketing the principles of co-operation already applied to dairy factory production. On October 7 representatives of the Australian and New Zealand Dairy Boards met in conference in Sydney. It is hoped that the result will be greater co-operation between the two Boards; in particular, it is understood that agreement has been reached to regulate the shipping of dairy products.

THE BUDGET

V. THE BUDGET

BEFORE Mr. Coates made his budget speech on September 17, it was known that a large part of the surplus of £1,626,498 on the 1934-35 accounts was due to "non-recurring" items—notably the sale of gold taken over with the establishment of the Reserve Bank, and exceptional death duties. However, the imminence of an election, the general buoyancy of the revenue, and the signs of returning prosperity led to confident hopes that important concessions would be made in the forthcoming year. Broadly speaking, concessions could have taken two forms: reduction of taxation, or increased payments by the Government. The first would have strengthened the "private profit" motive throughout the community, and much of its cost would not have fallen on the Government until taxes were collected some months hence. The cost of the second would have to be met at once, but it would stimulate spending immediately, and would remove some of the considerable hardships undergone during the depression. In the main, the Government adopted the second plan, and in so doing conferred direct benefits upon the bulk of those who depend on the Government for their upkeep.* Old age pensions are to be restored in full, and other pensions increased by $7\frac{1}{2}$ per cent. An additional $7\frac{1}{2}$ per cent. restoration is to be made in civil service wages and salaries (the cuts still remaining range from $3\frac{1}{2}$ per cent. to $11\frac{1}{2}$ per cent.). These restorations are, of course, along the lines advocated by the Labour party, and the budget also foreshadows other action that Labour has demanded: namely, national superannuation and health insurance, housing and slum clearance, and public works. Labour critics pointed out, however, that the Government had made itself instrumental in the reduction of wages outside as well as inside its own services, but that it has not taken corresponding action to raise wages generally.

* According to a recent estimate the total number of these is half a million, including civil servants, pensioners, unemployed, etc., and their dependants.

NEW ZEALAND

Apart from minor concessions the only important reduction in taxation is a further cut in the rate of the "wages tax" for the relief of unemployment. Last year it was reduced from 1s. in the £ to 10d, and there is to be a further reduction to 8d; but the Government says that the funds available for relief will actually be increased as compared with last year. It should be noted that the wages tax is generally deducted at the source, so this concession will be felt at once.

The budgetary position for 1935-36 is compared in the following table with the previous year's results. (This table does not include the estimated yield of the wages or unemployment tax—£4,200,000.)

<i>Revenue.</i>	<i>1935-36 Estimates. £</i>	<i>1934-35 Results. £</i>
Taxation	20,720,000	20,177,607
Interest receipts	2,734,000	2,930,245
Other receipts	2,408,000	3,018,242
	<hr/> 25,862,000	<hr/> 26,126,094
Less reductions in railway interest on account of increase in salaries	120,000	—
	<hr/> 25,742,000	<hr/> 26,126,094
<i>Expenditure.</i>		
Debt services	9,441,000	9,780,628
Exchange	1,636,000	1,459,159
Transfer of highways revenue	2,041,000	1,586,965
Other permanent appropriations	633,000	615,010
Annual votes :		
Social services	7,295,000	7,144,736
Other votes	4,165,000	3,913,098
	<hr/> 25,211,000	<hr/> 24,499,596
Total, main estimates	25,211,000	24,499,596
7½ per cent. increase in salaries and wages	180,000	
Increase of pensions, etc.	137,500	
Other supplementary estimates	200,000	
	<hr/> 25,728,500	
<i>Surplus</i>	13,500	1,626,498

New Zealand,
October 1935.

SIR WILLIAM HARRISON MOORE

THE tragically sudden death of Sir William Harrison Moore on July 1 has been a severe loss, not only to Australia, but to the whole British Commonwealth. To the Melbourne Group of the Round Table, of which he had been the chairman since its inception, it is irreparable.

Harrison Moore was born in 1867, and had an outstanding career at King's College, Cambridge. He had not long been reading in the late Sir Thomas Scrutton's chambers when he was appointed to the Chair of Law at the University of Melbourne. He arrived in Melbourne in 1893 to take up the duties that were to prove his main concern until 1927. For a man whose dominant interests were in constitutional, imperial and international affairs, those thirty-five years were full of significant developments, and Moore established a high reputation, in Australia and abroad, as writer, thinker, teacher and publicist. Sir Harrison Moore (he had been created K.B.E. in 1925) retired from university life in 1927, at the height of his powers, but only to discharge public duties more honourable than before, and to attack intellectual problems more exacting. He represented Australia at the League of Nations Assembly in 1927, 1928 and 1929; at the International Copyright Conference in Rome in 1928; and at the Conference on the Operation of Dominion Legislation in 1929.

Moore's qualities of leadership came from intellect and character alone. He was superbly unaffected and unassuming, honest, sincere and straightforward. One of his most distinguished pupils and friends has said truly that "he was a living proof of the proposition that if a speaker has anything to say that is worth saying, it is not

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really always necessary to shout in order to be heard. He never shouted, but he was always listened to with respect. Even when he held strong views he relied upon reason, and not upon noise." He took the greatest pains to understand the views of those from whom he differed. He would conduct a controversy with the utmost firmness, but with a courtesy and an impersonal tenacity that left no bitterness in his opponents. He had great gifts of friendship, sympathy and understanding, which made him, among his juniors, the very ideal of the "elder statesman".

As a thinker, Moore had essentially the qualities that the common law, at its best, prides itself on producing. He had a thorough grasp of principle. He combined intense patient thoroughness and profound learning with intellectual subtlety, philosophic insight and a kind of realistic speculative power of a very high order. With such gifts for constructive thinking, his mind ranged always, to the end of his life, at the frontiers of his subjects, where the unsolved problems lay. Nothing was more characteristic of him than the thoroughness with which he kept in critical touch with the new movements in economics and politics in which lie the problems of the constitutional lawyer. He had just completed when he died a detailed study of the law to be applied in legal disputes between members of the British Commonwealth of Nations, and between the component members of the federal Dominions.

Harrison Moore's contribution to legal education in Australia was an outstanding one. Just before he arrived in Melbourne, the University had been entrusted with the whole of the training for the profession. The temptation in such circumstances is to allow university courses to become purely technical. Moore did not have to create *ab initio* a liberal view in the curriculum of his law school; that had been well done by his predecessors. What he did was to make it an established tradition, and to mould the ideas current in the ancient British universities to meet the requirements of an overseas community, in which

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university courses were also the professional training schools. He acted courageously on the principle that in a federal community like this, a part of the overseas Empire, and a community in which the State plays so great a part in economic and social life, constitutional studies are much more important than the traditional university curricula had made them.

Australian federation was more than "in the air" when Moore arrived in Melbourne, and he came to a community in which discussion of governmental forms was already keen. He began at once to take an active part in these discussions, and it is as the most learned interpreter of the new Commonwealth constitution that his name is perhaps best known abroad. It was a loss to the Commonwealth that he should have been abroad when the Royal Commission on the constitution was set up. He was for many years the regular, and throughout the frequent, adviser of governments upon difficult problems arising under the Commonwealth constitution.

On the general working of responsible government Harrison Moore was likewise a recognised authority. He had a deep faith in the fundamental postulates of representative parliamentary democracy in the British tradition, and a profound understanding of the relations between the different elements in a constitution that were required by adherence to those postulates. He was one of those wise leaders who in a crisis turn back always to consider fundamental principle. In any controversy about the relations between Governor and Ministers, between Ministers and Parliament, or between one House and another, a pronouncement from him was always an important event. In these matters, his tendency was soundly conservative; he had a deep reverence for the law, and a high conception of the function of the Crown in the constitution. Not that he was a believer in "personal government", either in Great Britain or in a Dominion. He was too strong a constitutionalist for that. In his view

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of the constitution the Crown had, and was responsible for using when necessary, great reserve powers, in order to ensure obedience to law and to the will of the people. "The Crown is not an end in itself; like every other institution of government, it exists for the sake of the country." So runs the concluding sentence of one of his last published papers.*

Ever since the war, imperial and international affairs had become increasingly Moore's major concern. His interest in international affairs was not at the expense of, but rather an integral part of, his loyalty to the Empire and his concern for its future. Here again his attitude was generally conservative, but with a just and liberal appreciation of new tendencies. He accepted "Dominion status", with its implications, because at bottom he was so staunch a believer in responsible government. If he preferred "Empire" to "Commonwealth", it was not because he hankered after the retention of a wide area of central control from Westminster, but rather because he felt—with characteristic subtlety—that the relation between the British communities involved "an Anglo-Australian or Anglo-Canadian, an Empire rather than a Commonwealth feeling".

In his view there were two fundamental facts of Empire. The first was the sense of *community* experienced by a great part of the people in all the Dominions. The common citizenship of all "British subjects" was not for him a mere legal category, but "a constant reminder of an unbroken continuity of community and fellowship. They (the people of the Dominions) share, without dividing, the inheritance of history, tradition, culture and institutions". There was ample room for freedom and diversity, for distinct Dominion consciousness, but the experience of continuity, of an imperial citizenship remained. "I do not ask myself whether I am English or Australian in any sense which excludes the one from the other or sets one

* "The Constitution in Crisis," *Quarterly Review*, April 1933, p. 227.

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above the other." Because of that very sense of community, the British Commonwealth presented "extraordinary advantages for everything that the world is seeking through the League of Nations—peace, disarmament, co-operation". Even the assurance of co-operation in defence, though not perhaps complete, is "far greater than anything which subsists under the Covenant or the Pact of Paris. . . . No formal alliances with foreign Powers would bring anything like the same confidence".

The second fundamental fact of Empire, in Moore's view, was that though the Dominions have secured substantial independence and equality of status, "apart from the Empire their weight in the world individually is small". He regarded the stability of the British Commonwealth as of the first importance for world peace, and held that leadership from Great Britain was essential to the stability of the Empire itself, and therefore also to the discharge of the Empire's responsibility in the world at large. Accordingly, policy within the Commonwealth should aim at avoiding conditions that would frustrate British leadership. That is not everybody's ideal for the development of British Commonwealth relations. It is not by any means shared by all Australians. But it is a view which in the day of crisis will probably be acted on in practice by many, in Australia and in other Dominions, who would not in terms accept it now.

Essentially a practical idealist, Harrison Moore was the very embodiment of what THE ROUND TABLE stands for. From the inception of the review, he was himself a frequent contributor to the Australian section. To the leadership of the Melbourne Group he gave without stint his great qualities of intellect and character. His presence was a source of strength and illumination to us all. His memory remains active among us as an inspiration.

Australia,
September 1935.

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